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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 5052

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1987, AND FOR OTHER PURPOSES

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, MARCH 18, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:01 a.m., in room S-126, the Capitol, Hon. Mack Mattingly (chairman) presiding.

Present: Senators Mattingly and Sasser.

DEPARTMENT OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE

STATEMENTS OF:

HON. JAMES P. WADE, JR., ASSISTANT SECRETARY OF DEFENSE (ACQUISITION AND LOGISTICS)

ROBERT A. STONE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS), OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (ACQUISITION AND LOGISTICS)

ACCOMPANIED BY:

NATO and Foreign Programs

ROBERT J. LANOUE, DIRECTOR, NATO AND FOREIGN PROGRAMS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (ACQUISITION AND LOGISTICS)

Defense Medical Facilities Office

CMDR. ED PHILLIPS, USN, DEPUTY DIRECTOR, DEFENSE MEDICAL FACILITIES OFFICE, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

Defense Mapping Agency

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Defense Communications Agency

DOUGLAS SMITH, CHIEF, PROGRAM AND BUDGET DIVISION, DEFENSE COMMUNICATIONS AGENCY

Strategic Defense Initiative Office

COL. ROBERT PARKER, USA, DIRECTOR, RESOURCE MANAGEMENT, STRATEGIC DEFENSE INITIATIVE OFFICE

Department of Defense Dependent Schools

TERENCE TREPAL, CHIEF, LOGISTICS DIVISION, DEPARTMENT OF DEFENSE DEPENDENT SCHOOLS

National Security Agency

EDWARD J. CZAPLICKI, CHIEF, OFFICE OF FACILITIES ENGINEERING, NATIONAL SECURITY AGENCY

BUDGET REQUEST

Senator MATTINGLY. Good morning. It is good to see you here.

Mr. WADE. Good morning, sir.

Senator MATTINGLY. The subcommittee will come to order. Today the subcommittee will begin its hearings on the fiscal year 1987 budget request for military construction. The request included in the President's budget for the various accounts under this subcommittee's jurisdiction is $10.1 billion.

The request, while slightly less than the budget request for the current fiscal year is substantially above the amount appropriated for fiscal year 1986.

Taking into consideration the reduction for Gramm-Rudman, the request which will be considered is about $2 billion over the funds provided for fiscal year 1986 or about a 20-percent increase.

BRIEF HISTORY OF MILITARY CONSTRUCTION APPROPRIATIONS PROCESS

I would like to just sort of review briefly the recent history of the military construction appropriations process. Back in fiscal year 1984 the administration requested $8.65 billion, and Congress cut that back to $7.1 billion. In fiscal year 1985, the administration's request jumped to $10.3 billion, and we appropriated just $8.4 billion. This was a reduction of just under $2 billion.

Last year the administration asked for $10.3 billion, and we approved just $8.5 billion. So once again, this was a significant reduction from a requested level. Therefore, it is with some irritation that I recently read a White House issued brief entitled "Maintaining America's Defenses."

I will quote from that document. It said:

> While some Members of Congress may profess support for a more efficient military, many balk when military construction projects in home districts are put on the chopping block. Example: Each year a number of low-priority MILCON projects are slipped into appropriations bills by Members of Congress.

STATE PROJECTS

Now as a very staunch supporter of the President over the years and a supporter of rebuilding the Nation's defense, I really do not have too much patience with that type of gamesmanship. If we want to pick out some really low-priority projects, I would nominate such projects as the administration's request for $1.9 million for renovation of the Navy Band Building here in Washington, DC.

That goes along with the total request that we ended up taking out of, $1.9 billion that we reduced in this past fiscal year. I think another example is in my own home State of King's Bay Submarine Base. The administration had requested roughly $125 million, I believe, down there for a particular project when we only needed $45 million in the current fiscal year. The statement was made, well this is the way we have always done it.

You know, since I became chairman in 1983, the Pentagon's request for MILCON project money has been cut by approximately $5.3 billion. I think our subcommittee has really taken a leadership role in making these reductions. We require every project to be justified and rejustified. Now if a military construction project has not had a high priority, it has not received approval.

SCRUTINY OF DEFENSE BUDGET

Let me just say to our guests today from the Pentagon that this year will be just like it has always been in the past years. This subcommittee will meet the defense needs of our country, but in these deficit cutting days we are in right now this Senator does not believe any agency, including the Defense Department, should be immune from the closest scrutiny.

If a project cannot be justified, it is not going to be funded. It is as simple as that. Of this request for $10.137 billion, I can really tell you that you are not going to get it from this subcommittee. I am positive that we are going to be able to continue to find savings, while at the same time meeting this committee's responsibility, which is providing our legitimate defense needs.

Let me make just a few comments in regard to a matter that I think has received a lot of attention in the press and in hearings here on Capitol Hill.

CONSTRUCTION OF FACILITIES IN HONDURAS

As a supporter of the President's efforts to resist the advance of Marxist governments in Central America, as well as my position as chairman of this subcommittee, I have paid very close attention to the rhetoric that has been used with regard to the construction of facilities in Honduras. The issue of temporary versus permanent facilities and appropriate uses to which military construction, defense O&M, foreign assistance money can be applied has been examined I think in minute detail by the Congress, by the Pentagon, by the GAO, and other Federal agencies, and by the press.

As the chairman of this subcommittee, I am not going to tolerate or close my eyes to any breach of statutes which would govern the use of military construction monies. Now the chairman of the Appropriations Committee on Defense, Senator Ted Stevens, and I have traveled to Central America and have discussed this issue on numerous occasions.

We are united in our belief that the military construction projects and activities of the U.S. forces in Central America must be conducted in accord with U.S. law and any restrictions or directions outlined by the Congress. I think this is an absolute necessity if such activities are to achieve their purpose, and I will continue to examine, and very closely examine, all the Central America military construction requests.

I will continue to work with the Defense Appropriations Subcommittee and members of this committee and administration officials to ensure that the U.S. activities in the region are conducted in accord with the law. But we are not going to allow the larger issue of a Communist beachhead in this hemisphere to disappear under the accountants' audits.

In the final analysis, the issue is not whether one runway or another in Honduras is permanent, temporary, or semipermanent, or whatever definition one cares to use; the issue becomes whether or not the United States will even continue to have future allies in that region of our hemisphere, whether or not those nations that are willing to undertake the sometimes difficult steps toward democracy will be allowed to continue those efforts, or will they disappear under the onslaught of Communist totalitarianism.

U.S. SUPPORT OF CONTRA FORCES IN NICARAGUA

Our hemispheric interests are not served by the extended debates revolving around questions that have the same relevancy as those of how many angels can dance on the head of a pin. Our interests are served by taking a clear look at the exact nature of the current government in Managua and recognizing the fact that this is a revolution gone wrong, and that the direction that it is taking makes U.S. support for the opposition forces a moral as well as a strategic imperative.

I think no amount of bookkeeping quibbles should be allowed to obscure that fact.

INTRODUCTION OF WITNESSES

At this time I would like to welcome you, Dr. Wade, to be our witness today. I think this is your first appearance before this subcommittee, at least in this present position, so I want to extend to you a warm welcome. I am hopeful that the subcommittee can work with you and the Department to ensure a balanced military construction program for fiscal year 1987.

In addition, we have Mr. Stone, the Deputy Assistant Secretary of Defense for Installations, who has made several appearances before our subcommittee. These will probably be more trying this year than all those previous ones you have had.

PREPARED STATEMENTS

Today's hearing is indeed to be just an overview hearing. In addition, there may be some questions with relation to the requests by the Defense Agencies. In order to save time, I have asked that the Defense Agencies submit written statements for the record as appropriate.

[The statements follow:]

PREPARED STATEMENT OF ROBERT J. LANOUE

Director, NATO and Foreign Programs
Office of the Deputy Assistant Secretary of Defense

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to appear before your committee to discuss the Department of Defense Fiscal Year 1987 Military Construction Program as it relates to NATO Infrastructure. I would like to make a few remarks and Mr. Loveland, Director of Infrastructure and Logistics at the U.S. Mission to NATO will follow with a more extensive statement on the NATO program.

FY 1987 Request.

New appropriation is requested for $247 million for the United States' share of the NATO Infrastructure program. The amount of the request plus an estimated $20 million in recoupment is the estimated obligational authority required during the budget year to meet the U.S. financial commitment to the infrastructure program.

Authorization Request.

In Title V, authorization is requested for $247.0 million for the United States' share of the NATO Infrastructure Program; a commonly-funded program which provides those minimum essential facilities required to support the wartime deployment and operations of all NATO military forces including U.S. forces committed to NATO. The amount of the request is based on the estimated obligational authority required during the budget year to meet the U.S. financial commitment to the Infrastructure program. The U.S. cost share for the 1985-1990 Infrastructure funding cycle is 27.8%.

In FY 1986, due to the earlier strength of the dollar against other European currencies, we had sufficient funds carried over from previous years to finance U.S. participation in the program. However, the carryover of funds into FY 1987 will be negligible and we will need new appropriations to fund most of our contribution. During the past year, there has been a 20% drop in the dollar's value and there is no flexibility in the FY 1987 budget request. If this negative trend continues, the current request may not be sufficient to pay our contribution and we would have to return to Congress for additional funds to ensure continued U.S. participation throughout the budget year. We will keep the Committee informed of the status of U.S. funds needed for our NATO contribution as we proceed through the budget year.

1985-1990 Program.

As I mentioned last year, following two years of discussion and negotiation, the NATO allies agreed to a new fund ceiling for the six year period 1985-1990 of nearly $8 billion. This represents about a 56 percent increase in real terms over the previous period.

Because of this substantial increase in NATO funding, most higher priority U.S. infrastructure requirements can be satisfied. By 1990, we expect that all minimum essential airfield facility requirements at collocated operating bases (COBs) and over 500 new aircraft shelters for U.S. tactical air reinforcements will be programmed. Other priority U.S. requirements planned for NATO funding include storage for prepositioned material for a U.S. Marine Amphibious Brigade; completion of PATRIOT missile deployment; and a wide range of other storage for U.S. land combat forces.

In spite of this substantial increase in allied funding, the ceiling will still not satisfy all U.S. requirements. Within the framework of the program-- available funds, procedures and policies-- it is not always prudent to expand criteria for items not eligible for NATO funding. The U.S. has many high priority infrastructure requirements that are currently eligible for NATO funding and are planned for programming in this six year period. New proposals for common funding must compete for available funds and could cause other projects to be deferred. The Department continues to seek maximum infrastructure funding for our European construction needs. We propose expansion of the program when it is warranted by new operational requirements such as GLCM and PERSHING II or when it is economically beneficial to the U.S. Currently, NATO is considering U.S. requests for common funding for wartime facilities support for tactical helicopters, new storage requirements in Germany, and security upgrades at missile sites and ammunition storage areas. The main emphasis through 1990, however, will be on the programming of currently NATO-eligible requirements in support of U.S. NATO-assigned combat forces. U.S. funding will still be required to construct administrative, personnel support, and other essential peacetime requirements.

Recoupments.

NATO has also increased the programming rate for our prefinanced projects. We have developed a realistic recoupment plan that European commands are implementing fully. All previously prefinanced projects are planned to be submitted for recoupment over the six year period. For Fiscal Year 1985, we were able to collect $23 million. We expect to collect between $25 to $30 million in 1986 and another $20 million is projected for the 1987 program. Because of NATO administrative procedures, receipts normally follow actual programming up to 24 months. In summary, during the past five years, we have seen a substantial reduction in our outstanding recoupment and prospects for continuing recoupments are excellent.

Conclusion.

This concludes my statement on the Department of Defense FY 1987 request for authorization for the NATO Infrastructure Program.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF T. J. LOVELAND

DIRECTOR, INFRASTRUCTURE AND LOGISTICS

US MISSION TO USNATO

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to appear before your Committee to support the proposals of the Department of Defense for an appropriation of $98 million for Fiscal Year 1986, as the US share of the common-funded NATO Infrastructure Program. From FY 1968 to FY 1978, the US contribution to the NATO Infrastructure Program was funded under Authorizations and Appropriations for Military construction Army. Starting in FY 1979, Congress decided to include it in Military Construction - Defense Agencies, since the line item was in support of all three Services. After some experience under the new decision, Congress decided in 1981 to create a separate Title V of the Military Construction Program to cover the US contribution to NATO's Infrastructure Program. The Infrastructure Program provides the facilities that are necessary to support NATO military forces and which are intended for common use or have a high degree of common interest. The term covers such varied items as airfields, air defense facilities, communications, missile sites, war headquarters, nuclear storage sites, pipelines, and POL depots. It does not normally cover general purpose depots, troop billets, nor has it covered in the past other logistics support facilities closely related to national standards and practices, although a one-time exception was made to fund such facilities from this program as reimbursement for certain of the US costs for relocation from France. Another such exception is the US Special Program (1975-1979), a device by which the US cost share was reduced. More recently, NATO nations have agreed to a reinforcement support category in support of US requirements, which covers many of our storage facilities.

The NATO commonly-funded Infrastructure Program was inaugurated by the North Atlantic Council in 1951 as a follow-on to a similar program begun in 1950 by the Western European Union countries. The NATO Infrastructure Program has been a most successful common endeavor, and has been credited with fostering a large part of the cohesion among the Allies. Essential military facilities costing about $11 billion are under construction or completed, and facilities worth another $1.1 billion are programmed. The program has given NATO a network of modern airfields, an efficient system of POL distribution and storage, common communications without which the NATO command structure could not function, essential air defense warning installations, and air and naval navigational aids. By jointly financing these and other types of facilities designed to enhance the effectiveness of NATO forces, NATO nations have demonstrated in a most realistic way their determination to provide for the common defense. Once the program had provided most of the basic facilities required in the common defense, its character gradually changed. The requirement for major air and naval installations gave way to the new requirement for modernization and expansion of existing basic facilities. Airfields must be improved so that they can support today's more complex aircraft. The POL system should be modified to ensure its ability to function in an emergency independent of certain portions which might be denied in case of such an emergency. In addition, it must be expanded to serve new defense strategy and to cater for the greater consumption of newer equipment. Progress in communications technology has resulted in dramatic change. The NATO Satellite Communications System is based on the US interim defense communication satellite system. Replacement satellites were launched; the third one in 1978, with a fourth launched last November. Another example is the semi-automation and integration of NATO's early warning system to provide a control and reporting system for the air defense of Allied Command Europe. This system is currently being augmented in order to accept the information to be provided from the new AWACS facility, with further expansion planned to provide a modern Air Command and Control System. Finally, in order to make the program fully responsive to the NATO "flexible response" strategy and associated force planning, we have been providing facilities to support improved air defense, weapons storage security improvements, reinforcement support facilities, and conventional capabilities for NATO air forces.

The new orientation of the program is designed to provide a large proportion of the facilities needed by US forces. In particular, it supports controlled humidity storage, which maintains, in good condition, equipment of our dual-based forces, and facilities for storage of war reserve materiel. The program also includes aircraft survival measures, some of which were implemented by the US Air Force with the approval of Congress on a prefinanced basis, in order to ensure early construction. Current emphasis is on such items as command and control facilities, forward storage, security improvements, and, most particularly, on facilities in support of external reinforcements. The previously ineligible category of logistics facilities is receiving more attention in the framework of NATO's emphasis on cooperative logistics efforts under the Long-Term Defense Program, approved at the Washington Summit in May 1978, as evidenced by the major program for reinforcement support.

Although our GNP represents about half of the NATO total, our official cost share of the program now stands at 27.82% (down from 43% in the early years). This relatively smaller share has been agreed to by the Allies as a burden-sharing factor in view of our relatively large costs in other aspects of Alliance defense. The effective US share of the costs has been further reduced by the following factors:

1. Host nations supply land, access roads and local utilities for NATO projects at no cost to NATO. The cost of these national contributions is estimated at some 15% of the total cost for a large, new facility. Since the US acts as host country for relatively few NATO projects in CONUS, in Bermuda, and in Iceland, almost all of which are on existing US military installations, we bear very little of this burden.

2. NATO agreed to pay some $100 million of the US costs of relocating from France in 1967, thus, in effect, buying a portion of our claim against France for loss of use of US-owned facilities. In 1975, France agreed to settle the claim for $100 million which was paid in five equal installments during the period 1975-1979. When the payments were completed, the 36% share reimbursed to NATO was used to augment the scarce Infrastructure funds.

3. In 1970, a group of our Allies augmented the Infrastructure Program by 50% (some $500 million) without US contribution, in order to expedite construction of aircraft shelters and communications projects.

4. In 1975, our Allies agreed to include a special U.S program ($140 million) in the 1975-79 infrastructure program. This provided U.S. troops with facilities which would not otherwise have been eligible for NATO funding.

5. In 1979, our Allies agreed to a reinforcement support category (RSC) in the Infrastructure program, principally for the provision of previously ineligible facilities for storage of US POMCUS, ammunition, and war reserve materiel. While there is no specific amount of money tied to the category, we expect it to constitue some 25% of the entire program for the next several years.

We have also had reasonable success in maximizing US industrial participation in the program. While there is little or no US industrial interest in the 65% of the program devoted to civil works, US firms continue to capture about half of the remaining 35% devoted to sophisticated electronics projects. We are very sensitive to the requirements to support US industrial interests and the Infrastructure staff at the U.S. mission to NATO actively supports DoD efforts as the ombudsman for such interests.

We continue to enjoy greater benefits from this NATO program than could be expected from the size of our contribution. If we exclude facilities which are used in common by all nations -- facilities which would in any case have required common funding -- we have had significant success in programming US projects. We have made a study for the House Appropriations Commitee which concluded that for Slice XXIII-XXIX (1972-1978), US projects amounted to 41.36% of all projects programmed for use by national forces, but our formal contribution remains at less than 28% of the entire program. With the new RSC and the current emphasis in collocated operating base (COB) projects providing for additional US requirements, it would appear that projects for the US would increase to about 50% of the total of such projects in 1985-90. It is apparent, therefore, that we have a distinct financial interest in the continuing success of the NATO Infrastructure Program. As long as we can fit our national program into the available common funds, the US will benefit directly from this NATO effort.

Over the last several years the Infrastructure program has been severly underfunded through a combination of galloping inflation and downturns in national economies. During this period, despite our best efforts to secure increases in the funds allocated to NATO's construction program, we and our Allies have had to forego large quantities of facilities required to support our force deployments or to finance them nationally (prefinance) in the hope of later recoupment. This was a situation which led to a great deal of concern by all responsible authorities, including Congressional Committees.

In December, 1984, the NATO Defense Ministers agreed to almost triple the size of the program as compared to that of 1980-84. In effect they committed

$7.2B for the 1985-90 period, approaching the projected implementation rate of the NATO machinery. In support of this larger program, NATO has developed a long-term planning procedure which enables us to forecast, six years in the future, our chances of success in programming projects of interest to the US. The larger program, combined with the new planning procedure, allows us to assert that all of the Minimum Essential Facilities (MEF), most of the Essential Operating Facilities (EOF), and some 60% of the aircraft shelter deficiencies can be programmed in the 1985-90 period. In addition, we expect that virtually all presently outstanding recoupments for prefinanced projects will be programmed, thus removing one of the longest-standing Congressional complaints about the Infrastructure program.

While the above situation represents real progress in convincing our Allies of the need for adequate Infrastructure funding, NATO's needs are far from full realization. In effect, NATO Military Authorities have identified some $15 billion of urgent requirements. The agreed program will accomplish only about half of those projects -- although the nations have agreed to consider an increase if the first four years' implementation so warrants. In any case, it is evident that a considerable part of NATO's requirements will have to await funding in the next program (1991-96) and that portion will certainly contain a share of projects required by US forces. In effect, the probable availability of funds and the implementation potential indicate that all currently known needs can be met over the next 12 years (1985-96)

The long term Infrastructure planning document which lists the projects NATO plans to implement over a 6-year period will be revised each year to eliminate the current year's program and to add a new sixth year. The use of that document should enable the US to coordinate more closely with NATO programming. It should also enable Congress, once they have acquired confidence in the new procedures, to better evaluate the US requirements against NATO's ability to provide facilities and to justify early provision of US requirements through judicious prefinancing in certain cases where NATO cannot accommodate the timing required.

On the subject of prefinancing, our recoupment backlog was about $250M at the end of FY 1984 -- $100M for aircraft shelters, $100M for COB projects, and some $50 for other miscellaneous projects. All of those projects are reflected in NATO's planning document and will be submitted for programming and recoupment within the 1985-90 period. We expect to be successful in virtually all cases. In that respect, the Committee should note that the US was not alone in its need to prefinance projects during the period of shortage of NATO funds. Out Allies performed more than 90% of the total prefinancing in those years, leaving the US with less than 10% (in contrast with our 27.8% cost share if all projects had been paid for under the NATO program). In that period, the unrecouped backlog of our Allies thus grew at an appreciably higher rate than did ours. Nor do we believe that many of them will achieve a rate of recoupment as high as ours in the 1985-90 period.

I should now like to describe briefly, first, NATO's procedure for taking financial commitments; second, the NATO system for processing Infrastructure projects; and third, how we arrived at our estimate for US obligations for Infrastructure in Fiscal Year 1986.

In order to provide military authorities with viable program planning goals, the NATO nations agree on periodic (five or six years) fund ceilings. In the last three periods, 1970-74, 1975-79 and 1980-84, these ceilings have provided to be too low, and were later adjusted upwards but, failing unanimous agreement on such an augmentation, the program is limited to the agreed ceiling. The total US shares of such agreements is about $3.6 billion which has been included in annual NATO slice programs. Some $3.4 billion had been obligated by the end of Fiscal Year 1984 (the approximation is necessary because of uncertainties as to the exchange rate of the dollar). We entered FY 85, therefore, with an outstanding balance of some $200 million, all of which concerned projects already included in approved NATO programs through Slice XXXV, covering calendar year 1984. These, and potential commitments from the first year of the new 6 year program, were the commitments for which we sought appropriations in FY 85. Appropriations for FY 86 are almost exclusively intended to cover commitments from Slices XXXVI and XXXVII, CY 1985-86.

Each year, the major NATO commanders draw up a list of construction or modernization projects which they consider essential for the support of their forces. These projects are reviewed by all participating nations in the NATO Military Committee, the NATO Infrastructure Committee, and finally, within the Defense Planning Committee (which is the North Atlantic Council without France). The projects finally selected make up the yearly Infrastructure Program or slice. In the US, each proposed annual slice is reviewed thoroughly within the Executive Branch, starting with the interested US subordinate military commands, and continuing through the US Commander-in-Chief, Europe, and the Commander-in-Chief, Atlantic, to the Joint Chiefs of Staff and the Military Departments, the Department of State, and all interested offices within the Office of the Secretary of Defense.

When the P&P Committee authorizes construction of an Infrastructure project, within an approved slice, the US obligates funds from its annual appropriation for its share of that project. Let me explain briefly how we estimate our costs for FY 1986. The estimate is developed largely by the USNATO staff in Brussels because it has daily contact with our Allies on Infrastructure matters. This staff is the US agency closest to the plans and progress of the various "host" countries.

In previous years we have described a rather complicated process which was used to estimate the potential level of obligation required to meet US commitments to the Infrastructure program. The system attempted to forecast a number of unrelated actions which would be taken by a multitude of NATO personnel and staffs from host nations. The procedure was studied by an independent consultant, as requested by the HAC MilCon Subcommittee, and again, more recently, by the HAC Surveys and Investigation Team. I think it fair to say that while all parties were dissatisfied by the current procedure, no-one can devise a better one for forecasting obligation levels. Once obligations have occurred, however, expenditures can be estimated much more accurately -- which is the reason our Allies all do their Infrastructure budgeting on an expenditure basis.

In connection with the agreement on a much larger program, NATO has pursued a statistical approach to forecasting maximum annual expenditures and the nations have guaranteed a budgetary control which is designed to remain within those limits. Estimations had to be based on fund obligations which, in turn, were based on annual programs, the size of which were agreed for the six year period. The rate of authorization, on which the US appropriations are based, is the most difficult of these factors to forecast with much confidence. NATO decided, therefore, to choose as a goal the highest rate of authorization that has ever been attained under the best circumstances. Using these tools it becomes relatively simple to calculate the unexpended authorizations at the end of each year. Statistics indicate that between 35 and 40% of that amount will be spent in the following year. Thus our Allies are using those expenditure levels as a maximum and we are using the consequent authorization levels.

The following table lists these guaranteed maximums as agreed for the IAU 3 billion fund ceiling. Figures are in millions of IAU. As NATO acquires more experience with this new procedure, the formula may be adjusted as required. The maximum expenditures are guaranteed, however, for the 1985-88 period. We also list the US share of the authorizations and the expenditures at the current cost sharing agreement and exchange rates ($2.355/IAU).

	Expenditures		Authorizations	
Calendar Year	Total (MIAU)	US Share ($M)	Total (MIAU)	US Share ($M)
1985	260	170	360	236
1986	300	197	415	272
1987	345	226	450	295
1988	385	252	485	318
1989	425	278	520	341
1990	460	301	545	357

We have based our estimate for FY 86 on the above table of authorizations, the point at which the US records an obligation. We believe that the authorization will be aporximately IAU 415M and that the consequent US obligation about $272M. We can, however, cover $174M from prior year appropriations and have, therefore, reduced our request to $98M. Approval of this request is vital to our efforts to increase the size of the program, to provide the facilities required by US forces, and to obtain reimbursement for US prefinanced projects.

PREPARED STATEMENT OF CMDR. ED PHILLIPS, MSC, USN

Deputy Director, Defense Medical Facilities Office

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE

I am CDR Ed Phillips, Deputy Director of the Defense Military Facilities Office. I appreciate the opportunity to appear before you today to discuss the Fiscal Year 1987 Defense Medical Construction Program. Dr. Mayer, the Assistant Secretary of Defense for Health Affairs, is especially proud this year of improvements we have made to the entire medical facilities planning and resource allocation process.

Blue Ribbon Panel/Establishment of the Defense Medical Facilities Office (DMFO)

We are now in the process of consolidating the medical facilities planning, programming, budgeting, and resource allocation functions of all three Services under Dr. Mayer's control. The associated resources have been transferred from the Services to Health Affairs beginning in Fiscal Year 1987.

The move to centralize these functions was made in response to one of the recommendations of the congressionally-directed Blue Ribbon Panel on Sizing DoD Medical Treatment Facilities. The Panel's final report, issued in June of 1985, recommended that the Assistant Secretary of Defense for Health Affairs:

--review all existing facilities;

--select and prioritize construction projects;

--allocate resources to those projects; and

--ensure that medical readiness requirements are the primary criteria for sizing health care facilities.

Secretary Weinberger endorsed all of the Panel's recommendations and directed they be implemented without delay. The creation of the Defense Medical Facilities Office (DMFO), an OSD-level office to be operational on 1 October 1986, was selected as the best means to carry out facility sizing, programming, allocation of construction dollars, and the establishment of medical design criteria.

The remainder of Fiscal Year 1986 will be a transition period for the Defense Medical Facilities Office (DMFO) during which we will establish the procedures for integrating the Services' health facilities construction projects into a consolidated DoD Program. We look to this new organization to improve cross-Service planning and prioritization of construction projects and most importantly, to ensure that those projects with critical readiness missions receive the highest priority.

Basis for Future Medical Military Construction

Consistent with this emphasis placed on readiness, the Assistant Secretary of Defense for Health Affairs intends to propose construction, alteration or acquisition of a military health facility only when one or more of the following conditions exist:

- Current facilities are inadequate to support the medical readiness mission;
- Local civilian and/or federal health care capabilities are inadequate or unavailable;
- Construction replacement, major alteration or acquisition of a military health facility is required to support teaching, training and skills maintenance requirements critical to military readiness; and /or

- Providing care in a military health facility can be demonstrated to be the most cost-effective method of providing authorized health services.

The scope and quality of the projects in all medical facilities construction requests will be closely controlled by the Defense Medical Facilities Office to ensure compliance with this policy and the previously mentioned Blue Ribbon Panel recommendations.

Quality of Care

Another area of in which our medical construction program plays a valuable supporting role is our effort to provide a quality health care benefit to our approximately 10 million beneficiaries. Whether improving the layout of a surgical suite, bringing an inpatient area into compliance with life/safety standards, or making an outpatient area more productive, appealing, and comforting, the projects included in our request for medical construction help us to improve the quality of the setting in which our care is provided.

Funds requested in FY 1987 are urgently needed to correct long-standing deficiencies and bring our medical facilities up to modern life/safety standards. Our inventory of over 1100 facilities and over 60 million square feet is aging. Deferral of funding for badly needed modernization projects only mortgages the future and puts tremendous pressure on our operation and maintenance budgets to maintain the quality of a physical plant which really begs for major modernization or replacement.

FY 1987 Program

Our request for medical construction projects in FY 1987 is $337.9 million. This includes $111.9 million for the Army, $42.9 million for the Navy, $182.2 million for the Air Force, and $.9 million for the Uniformed Services University of the Health Sciences. This represents a 4% increase over the $323.8 million requested in FY 1986. There are a number of other health care projects, including several medical readiness projects, which remain in the Service budgets and are not part of this request. I will speak later to the most significant of these.

Of particular interest to this Committee, we have requested FY 1987 funding for Phase III of Madigan Army Medical Center at Ft. Lewis, Washington, and the final phase for the Composite Medical Facility Replacement at Travis AFB, California. Nearly 47% of our request is for the FY 1987 components of these two large hospital construction projects, supported under a phased-funding mechanism.

The FY 1987 request of $72.1 million for Phase III of the Madigan Army Medical Center follows the $11.2 million appropriated in FY 1985 for site preparation and the $26 million which we received in FY 1986 for structural and foundation work. The final phases for Madigan will be requested in FY 1988, FY 1989 and FY 1990. As a result of the Blue Ribbon Panel's recommendations, and FY 1986 congressional action, Madigan has been down-sized from 478 to 414 beds and the original construction authorization reduced to $326.8 million. The bed reduction achieved by eliminating one floor will result in a construction savings of approximately $3 million.

For the other multi-year hospital construction project at Travis AFB, California, we are requesting $87.5 million in 1987. This represents Phase IV or the final phase for the Travis project and culminates a cumulative investment of over $200 million appropriated since 1984.

Besides requesting increments for these two major hospital construction projects, we are also requesting funds to initiate construction of replacement hospitals at Naples, Italy and Mountain Home, Idaho. The existing facilities at these medically isolated locations suffer from serious structural and functional deficiencies.

Seven projects will add to and/or alter existing facilities whose average age is over 21 years. The projects requested are needed to enhance diagnostic and therapeutic capabilities, correct life safety deficiencies, and provide additional space for logistical support and outpatient care.

This 1987 request also includes funds for 14 new or replacement outpatient facilities to support new missions such as the Light Infantry Division at Ft. Wainwright, Alaska; replace World War II era structures; and significantly improve primary care for active duty personnel and their dependents both at home and abroad.

Funds requested for the construction of two new dental clinics will enable us to vacate two facilities each over 30 years old and inadequate for the practice of dentistry today. The remaining project in our request is for a storage facility at the Uniformed Services University of the Health Sciences.

Recent information provided to the Air Force and subsequent negotiations between the Air Force and Veterans Administration will reduce the construction requirement we have requested at Kirtland AFB, New Mexico. A Memorandum of Understanding calls for Air Force inpatient requirements to be met through the use of space in the VA's soon to be completed hospital addition in Albuquerque. This arrangement also requires the construction of a new clinic facility adjacent to the VA Hospital to meet Air Force outpatient needs which cannot be met by the VA.

To maximize the benefit of the joint VA/Air Force effort, we would request that the project to construct a clinic adjacent to the VA hospital be substituted for the FY 87 $25.5 million addition/alteration project at Kirtland AFB. The scope and cost of this project will be provided to you for your mark-up of the FY 87 Budget.

Projects Not in the Health Affairs Program

In addition to the construction projects under the purview of the new Defense Medical Facilities Office in Health Affairs, there are a number of health-related projects for which funds are requested that remain in the Services' budgets. Dr. Mayer would like to emphasize the importance of these projects and solicit your support for them.

Several are in the Army's budget to support the Light Infantry Division at Ft. Drum. Currently at Ft. Drum, New York, there is only a small medical/dental clinic which is grossly undersized to support the new Division. These projects requested in FY 1987 are critical to the beddown of the 10th Infantry Division.

The Air Force has in their FY 1987 MILCON Budget the first of two phases for an addition to the School of Health Care Sciences at Sheppard AFB, Texas. This project was deferred by the Congress in FY 1986 due to budgetary constraints. This school provides the basic training for most of the health care technicians in the Air Force. At present workload, it is significantly underscoped and lacks state-of-the-art training facilities.

Finally, the Army and Air Force have requested funds to construct seven facilities which will store war reserve materiel and supplies overseas. These facilities will allow us to preposition medical supplies needed to provide basic life saving emergency treatment on the battlefield.

Contingency Hospitals

This year the Defense Medical Facilities Office program contains no request for funding of projects in support of medical contingency hospitals. This does not represent any lessening of the importance placed on purchasing and prepositioning these much needed facilities overseas. There are three Air Force projects that store Air Transportable Hospital assets in the United States. As the Congress directed last year, the Office of the Assistant Secretary of Defense for Health Affairs is working on a coordinated Tri-Service plan for the use of these facilities worldwide. Dr. Mayer will submit such a plan to the Subcommittee on a theater-by-theater basis as soon as it is completed. We do not want to delay a program so critical to improving our medical readiness capability worldwide. We can assure you that the Air Force projects and our future DMFO contingency projects will be appropriately prepositioned to support wartime casualty treatment.

Conclusion

The medical construction program presented has been developed to support the Department of Defense's policy to provide sufficient military health facilities to maintain the highest degree of combat effectiveness of the military force; to provide quality health care for active duty military personnel, their dependents and other authorized personnel; to provide essential teaching and training of the military medical forces; and to ensure that sufficient capacity exists to support an expanded mission during a period of mobilization or national emergency.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions.

PREPARED STATEMENT

ALLEN E. ANDERSON, DEPUTY DIRECTOR FOR
PROGRAMS, PRODUCTION AND OPERATIONS
DEFENSE MAPPING AGENCY

Mr. Chairman, members of the Committee, I appreciate the opportunity to discuss with you the Defense Mapping Agency's Military Construction Program for Fiscal Year 1987. Our program consists of one project at the Defense Mapping Agency Aerospace Center, St. Louis, Missouri. The estimated project cost is $16.7 million, which is based on 35 percent design.

The MILCON project at the Aerospace Center will provide for construction of a two-floor addition to an existing production facility. The project is required in Fiscal Year 1987 to accommodate new production equipment scheduled for delivery beginning in 1989. This equipment is necessary to meet weapon systems requirements of ballistic missiles, cruise missiles, the manned strategic bomber, and advanced tactical aircraft systems.

I will be happy to answer any questions you may have.

PREPARED STATEMENT OF W. DOUGLAS SMITH

CHIEF, PROGRAM BUDGET DIVISION
RESOURCE MANAGEMENT DIRECTORATE
DEFENSE COMMUNICATIONS AGENCY (DCA)

It is a pleasure to have this opportunity to present the Defense Communications Agency (DCA) FY 1987 Military Construction (MILCON) budget request before this subcommittee.

We are requesting $9.9 Million in FY 1987 for two projects. We have no FY 1985 or FY 1986 MILCON projects.

The two projects requested in FY 1987 are:

	($ in Millions) FY 1987
(1) ALTERATION/EXPANSION OF JOINT DATA SYSTEMS SUPPORT CENTER (JDSSC) OFFICE SPACE AT THE PENTAGON, WASHINGTON, D. C.	$2.3

The Joint Data Systems Support Center (JDSSC), a Directorate within DCA, provides technical support to the National Military Command System (NMCS), the Joint Chiefs of Staff (JCS), and the Office of the Secretary of Defense (OSD). It also provides for the central maintenance and distribution releases of the Worldwide Military Command and Control System (WWMCCS) Standard System Software, and provides for the maintenance of the expanding suite of WWMCCS Information System (WIS) hardware. The JDSSC currently occupies 79,924 square feet of space within the Pentagon, Washington, D. C. A requirement exists to provide additional office space to accommodate JDSSC's increased mission requirements.

Accordingly, this project will provide for an additional net office space of 17,500 square feet. Supporting facility space will require 4,500 square feet.

It will add a mezzanine level of improved office area in the space above the areas containing office and contractor operations in the basement of the Pentagon. Alteration to the F and G Ring on the North and South side of Corridor 6, Stairwell #64, basement of the Pentagon, will be required.

Provisions for installing air conditioning similar to that found in other office spaces in the Pentagon is necessary in view of the completely closed-in nature of the basement space.

Lighting accommodations will provide approximately 75 foot-candles of illumination at all working surfaces.

To meet security requirements, walls will be constructed to specifications required for a secure area and an alarm detecting system installed where required.

An elevator system, similar to the one in the existing mezzanine, is also needed to provide entry and exit for handicapped persons, furniture, and computer equipment.

Also included are supporting facilities, such as additional electrical power to provide the necessary lighting, toilet facilities, drinking fountains, air handling systems, telephone frame rooms, and access connections to established corridors in the Pentagon.

The additional office space created by this project will allow computer support personnel to be located near current and planned Automated Data Processing (ADP) equipment. Requirements for utilizing advanced ADP techniques to support command and control operations, nuclear weapons effect studies, and wargaming have greatly increased the need for computer support area. When constructed, the required facility will provide the working environment to enable the JDSSC to respond to valid information requirements and to complete the timely analysis of plans and concepts of vital concern to our national defense.

Design work for this project will be completed on or before 31 March 1986 (75% of the design work was completed by 31 January 1986). We expect to begin construction in October 1986.

	($ in Millions) FY 1987
(2) COMPUTER AND ADMINISTRATION REPLACEMENT FACILITY FOR THE DEFENSE COMMERCIAL COMMUNICATIONS OFFICE (DECCO), SCOTT AIR FORCE BASE (AFB), ILLINOIS	$7.6

The Defense Commercial Communications Office (DECCO), a field activity of the DCA Resource Management Directorate, and the Allocation and Engineering Directorate (AED), a field activity of the DCA National Communications System/Defense Communications Agency Operations Center (NCS/DCAOC) are currently located at Scott AFB, Illinois.

The mission of DECCO is to acquire, on a centralized basis, all commercial long haul command, control and communications requirements of the DoD, the Military Departments, the Federal Aviation Administration and other federal agencies. This mission includes the processing of commercial communications requirements through the entire acquisition process. This process consists of preparation of requests for proposal, solicitation, contract award, contract management, fiscal accounting and bill paying for the entire life cycle of a telecommunications requirement and capability.

The Allocation and Engineering Directorate (AED) of the NCS/DCAOC is colocated with DECCO. AED is charged with the responsibility for providing circuit allocation and transmission engineering services for the Defense Communications System (DCS); providing cost reduction services to authorized DCS users; and administering other telecommunications cost reduction programs within its area of responsibility.

The building at Scott AFB, which currently houses DECCO and AED is a substandard, hazardous, wooden structure built in 1941. It is rapidly deteriorating; is increasingly difficult to maintain; is too small for both the current and anticipated mission workload; and is totally impractical to upgrade. Its configuration -- a 10 wing structure -- is not conductive to efficiency nor does it provide adequate housing for DECCO's multi-million dollar computer facility. In summary, it has become functionally obsolete and must be replaced.

Accordingly, this project will provide for construction of a new Computer Center and Administrative replacement facility at Scott AFB to accommodate the expanded mission requirements and operational resources of DECCO and AED, including its $3.0 Million ADP inventory.

This new facility will include 41,850 square feet of net office space, 3,650 square feet of administrative support space, and 26,400 square feet of special purpose space for the combined computer facility housing automatic and electronic data processing equipment. The new facility will have a brick exterior, supporting utilities, air conditioning, heating, RF shielding, and site support. The wooden building that currently houses DECCO and AED will be torn down by the Air Force after construction of the new facility is completed.

The design work for this project was completed in December 1935. We expect to begin construction in January 1987.

Mr. Chairman, members of the subcommittee, this concludes my prepared statement. I am ready to respond to any questions you may have.

PREPARED STATEMENT OF COL. ROBERT PARKER

DIRECTOR, RESOURCE MANAGEMENT

STRATEGIC DEFENSE INITIATIVE ORGANIZATION

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO APPEAR BEFORE YOUR SUBCOMMITTEE. I AM COLONEL ROBERT PARKER, DIRECTOR, RESOURCE MANAGEMENT, STRATEGIC DEFENSE INITIATIVE ORGANIZATION (SDIO).

I APPEAR BEFORE YOU ON BEHALF OF LIEUTENANT GENERAL ABRAHAMSON, DIRECTOR, SDIO, IN REFERENCE TO THE FISCAL YEAR 1987 MILITARY CONSTRUCTION REQUEST. THE SDIO IS REQUESTING AUTHORIZATION AND APPROPRIATION OF $10.3 MILLION FOR FOUR MILITARY CONSTRUCTION PROJECTS TO SUPPORT RESEARCH AND DEVELOPMENT TECHNOLOGY EFFORTS.

THE SDI IS A RESEARCH PROGRAM, AIMED AT EXAMINING TECHNOLOGIES THAT COULD SUPPORT DEVELOPING A DEFENSE AGAINST BALLISTIC MISSILES. OUR REQUEST OF $10.3 MILLION IS NECESSSARY TO SUPPORT EFFORTS TO PROVIDE THE ESSENTIAL TECHNICAL DATA TO A FUTURE PRESIDENT AND CONGRESS SO A SOUND DECISION CAN BE MADE ABOUT THE FEASIBILITY OF IMPLEMENTING A DEFENSE STRATEGY AGAINST BALLISTIC MISSILES. TO SUPPORT THIS RESEARCH EFFORT, WE'LL REQUIRE NEW FACILITIES AND MODIFICATIONS TO EXISTING FACILITIES AT WHITE SANDS MISSILE RANGE (WSMR), NEW MEXICO; KWAJALEIN MISSILE RANGE, MARSHALL ISLANDS; EDWARDS AIR FORCE BASE, CALIFORNIA; AND THE PACIFIC MISSILE RANGE, BARKING SANDS, KAUAI, HAWAII.

BRIEFLY, I WOULD LIKE TO DISCUSS A FEW OF THE SALIENT POINTS CONCERNING THE FOUR PROJECTS.

THE FIRST PROJECT, TOTALLING APPROXIMATELY $1.9 MILLION, IS LOCATED AT WHITE SANDS MISSILE RANGE. IT PROVIDES A MISSILE LAUNCH COMPLEX TO INCLUDE SUPPORT FACILITIES. THIS PROJECT IS REQUIRED TO TEST AND EVALUATE TECHNOLOGIES INVOLVED WITH THE HIGH ENDOATMOSPHERIC DEFENSE INTERCEPTOR (HEDI) SYSTEM. HEDI IS A NON-NUCLEAR HIT-TO-KILL INTERCEPTOR OPERATING WITHIN THE ATMOSPHERE. IT IS THE LAST TIER OF THE MULTI-TIERED SDI. EXISTING FACILITIES WILL BE MODIFIED AND UPGRADED TO MINIMIZE PROJECT COSTS.

THE SECOND PROJECT, TOTALLING APPROXIMATELY $1.3 MILLION, IS FOR TARGET LAUNCH FACILITIES AT THE KWAJALEIN MISSILE RANGE. THESE FACILITIES ARE REQUIRED FOR SUPPORT OF THE ADVANCED INTERCEPTOR CONCEPTS TESTING PROGRAMS. THIS IS A PROOF-OF-PRINCIPLE PROGRAM WHICH INCORPORATES OFF-THE-SHELF HARDWARE FOR INTERCEPTOR MISSILES LAUNCHED AGAINST TARGET VEHICLES WITHIN THE KWAJALEIN MID-ATOLL CORRIDOR. EXISTING FACILITIES WILL BE USED TO THE MAXIMUM EXTENT POSSIBLE.

THE THIRD PROJECT, TOTALLING APPROXIMATELY $4.2 MILLION, IS FOR A ROCKET PROPULSION TEST FACILITY AT EDWARDS AIR FORCE BASE. THIS FACILITY WILL ACCOMMODATE ESSENTIAL SPACE-BASED KINETIC KILL VEHICLE BOOSTER TECHNOLOGY EXPERIMENTS IN SUPPORT OF THE KINETIC ENERGY PROGRAM. NO OTHER ROCKET MOTOR TESTING FACILITY CAN PROVIDE THE OPERATING PARAMETERS (PRESSURE ALTITUDE OF 110,000 FEET) FOR THIS TECHNOLOGY DEVELOPMENT ACTIVITY.

THE FOURTH AND FINAL PROJECT, TOTALLING APPROXIMATELY $2.9 MILLION, IS AN INTERMEDIATE RANGE BOOSTER SYSTEM (IRBS) LAUNCH COMPLEX AT THE KAUAI TEST FACILITY.

THE IRBS, PROVIDES A LOW-COST GENERIC SDI TARGET DELIVERY CAPABILITY INTO THE KWAJALEIN ATOLL TO SUPPLEMENT THE VERY LIMITED NUMBER OF MINUTEMAN I BOOSTERS. THE DATA OBTAINED FROM THESE EXPERIMENTS WILL ASSIST SDI PROGRAM ENGINEERS IN DEVELOPING METHODS OF BIRTH-TO-DEATH TRACKING AND DISCRIMINATION. ADDITIONALLY, BY EXAMINING THE EFFECTS OF ATMOSPHERIC REENTRY ON DAMAGED RV'S, THE POTENTIAL FOR AERO THERMAL KILL CAN BE ASSESSED.

ALTHOUGH THE AFOREMENTIONED PROJECTS REPRESENT ONLY A FRACTION OF THE TOTAL COST OF SDI, THEIR IMPORTANCE TO THE OVERALL SUCCESS OF THE PROGRAM CANNOT BE QUESTIONED. IN TOTAL, THE PROJECTS PROPOSED FOR FY 1987 AT WSMR, KWAJALEIN, EDWARDS AND

PACIFIC MISSILE RANGE ARE SIGNIFICANT FIRST STEPS IN EXAMINING THE FEASIBILITY OF BALLISTIC MISSILE DEFENSE. I, THEREFORE, REQUEST YOU AUTHORIZE AND APPROPRIATE THE REQUIRED FUNDING FOR THESE FOUR PROJECTS.

MR. CHAIRMAN, THAT COMPLETES MY PREPARED STATEMENT. AGAIN, I THANK YOU FOR THE OPPORTUNITY TO APPEAR TODAY AND WELCOME YOUR QUESTIONS.

INTRODUCTION OF DR. WADE

Senator MATTINGLY. Now the subcommittee has received your testimony, Dr. Wade, and I understand that once I have completed my remarks that you will summarize the Department's position on the request and your entire statement will be made a part of the record.

So at this time we are ready to hear your testimony. I am sorry we do not have more members of the subcommittee here this morning, but they are probably out posturing somewhere.

Mr. WADE. Thank you, Mr. Chairman.

Senator MATTINGLY. You are welcome.

OVERREACHING GOAL FOR FACILITIES

Mr. WADE. I am delighted to be with you this morning to present and discuss with you the Department of Defense's fiscal year 1987 request for military construction. As you indicated, this is my first appearance before this subcommittee, and as Secretary Weinberger's representative in charge of the defense acquisition, military construction is indeed an important part of my business.

Our overreaching goal for facilities is to ensure that we have the excellent installations we need to accomplish defense missions in peacetime and in war. With your support we have indeed made a significant impact toward that end in recent years, and we have laid a foundation for the most effective military we have ever had in peacetime. I look forward to working with you and your subcommittee to continue to ensure that we are providing quality facilities for our defense—and indeed most efficiently.

BUDGET REQUEST

For fiscal year 1987 we are requesting appropriations of $10.2 billion. It comprises $7 billion for actual construction work, $2.7 billion for operation and maintenance of family housing, and $500 million for planning and design. Of our construction, 73 percent is indeed inside the United States, 20 percent is in Europe, and 7 percent is for other overseas locations. The split between inside and outside of the United States is similar to our fiscal year 1986 request.

About $1.7 billion in our fiscal year 1987 military construction request for appropriations is to support new forces and weapons. For example, $178 million for our new trident base at Kings Bay; about $70 million in operational and community facilities for the ground-launched cruise missile sites; $359 million for the Army's light infantry division at Forts Drum and Wainwright; and $10 million for the Strategic Defense Initiative requirements in California, Hawaii, New Mexico, and Kwajalein.

QUALITY FACILITIES

Now facilities are indeed important force multipliers. For example, our capability in peacetime and for potential hostilities is indeed significantly multiplied by having forward bases from which to deploy and to provide the logistic support for our military forces.

Providing quality facilities adds to that multiplying effect. In fact, investments in our facilities commonly lead to significant increases in the output of our people who work and live in them. Therefore, we continue to request funding to replace and/or renovate our facilities—such as, for example, our old army tactical equipment shops—so that our people who maintain our tanks and our other tactical equipment can do their work more effectively and keep more combat equipment available for longer periods of time.

I personally believe our physical fitness training centers, our libraries, and our commissaries and other community facilities deserve some special focus. We are requesting facilities for new and expanded missions overseas. Our rules in the Department of Defense say that at these locations all community facilities are eligible for appropriated funds.

However, because at times we could not get funds authorized or appropriated by the House Military Construction Subcommittees, we have tried funding community facilities through the use of nonappropriated funds. We have been severely criticized by the House Armed Services Readiness Subcommittee which maintains that we should use appropriated funds.

We agree with the Readiness Subcommittee, and that our Airmen ought not to have to pay the cost of deploying ground-launched cruise missiles to Belgium, nor should our soldiers have to pay for increasing the force at Vilseck in Germany. Community facilities have a tremendous effect on our people's morale and their performance, as our senior enlisted people have indeed testified before Congress.

INVESTMENT IN FACILITIES

Now how much should we be investing in our facilities? Our judgment is that we need to have at least an annual military construction investment on the order of 2 percent of our plant value. At that rate, our facilities would be replaced every 50 years, on the average.

We fell short last year, and indeed this year's budget pressures have limited our request to on the order of 1.8 percent. Looking at our installations today, it is evident that we have not yet achieved the modernization of our facilities that the Department of Defense requires.

We must not turn back the clock to the inadequate funding levels of earlier years when we consumed our capital. We replaced only 1 percent of our structures per year, and indeed that was not enough. It is no coincidence that recruiting and retention as well as readiness fell to historic lows during that time period.

LEGISLATIVE CHANGES PROPOSED FOR MORE EFFICIENT FUNDING

We continually look for ways to get more construction out of each dollar. To achieve that end we are proposing the following legislative changes:

First, to increase minor construction authority to $2 million. This involves only about 10 percent of the total construction dollars in the military construction appropriations, but over half of the individual projects. Under the current system, the length of time from concept to occupancy of a facility runs from like 5 to 7 years. We can reduce that to 2 or 3 years for the smaller projects. This indeed will speed up facilities' acquisition, reduce time-consuming reviews, and give us a better return on investment by avoiding inflation involved with delaying construction. Your oversight responsibilities would continue to be satisfied by the notification required for such projects.

Second, to give our operational commanders greater flexibility to take care of their facilities, we are requesting a modification to the definition of minor construction. We wish the commanders to be able to use their funds for those projects that include a mix of repair and construction. The present system amounts to an administrative nightmare that, more often than not, results in denying our people the improved facilities they deserve.

And third, for Fort Drum we are asking authorization for the full scope of military construction required. With appropriations spread over 3 years, that would allow us to package a large portion of the construction under a single major contract and award it up front. This package approach, rather than the normal stretch-out approach which involves requesting funding of individual projects over a number of years, could save us approximately $100 million for the total effort.

Working together on proposals such as those just mentioned, we can keep our facilities support of national defense strong, and get more for the $7 billion that we are requesting for construction.

MILCON FUNDING FROM ALLIES

Now in addition to MILCON, facility support for defense comes from over $500 million of nonappropriated funds generated by service people themselves. Our Japanese and Korean hosts carry a good share of the burden for the facility costs of our forces in their countries.

Over the past 7 years these countries have funded almost $2 billion in construction for our forces stationed there. In addition to construction, both countries provide land, utility cost reductions, and other items that overall are valued in excess of $1 billion per year.

A recent agreement with our NATO allies doubles the annual infrastructure funding. Part of that increase will go to pay the United States back by 1990 for all NATO projects that we have prefinanced. Last year we recouped on the order of $23 million and we will get back somewhere between $25 to $30 million this year.

I ask here that the subcommittee not continue to tie payments into the infrastructure fund firmly to the recoupment rate, which is unpredictable throughout the year. We could indeed find ourselves in a catch-22 situation, unable to obligate money and thereby actually blocking NATO authorization of recoupments. What is worse, we could bring the entire infrastructure program, which we worked so hard with this subcommittee to increase, to a complete halt.

USE OF PRIVATE CAPITAL

Another potential source is attracting private capital which Congress has urged and for which we have used some innovative approaches. For example, at Fort Ord, CA, we outleased land to a contractor who in turn built and now operates and maintains an attractive mobile home community providing affordable housing to our lowest ranking troops in a high-cost area and at no cost or obligation to the Government.

Also, we have been successful in attracting upfront private financing through the use of the authority you gave us for the so-called section 801 and section 802 family housing. In the past year we have signed contracts for on the order of 2,800 lease units and are now planning some additional 1,000 more. We have 600 rental guarantee units under contract and are pursuing two additional such projects.

CONTINUOUS QUALITY IMPROVEMENT

Now, Mr. Chairman, there was one other thing that we need that I would like to discuss with you today. In my judgment we must move quality to the top of our agenda for the future.

Historically quality has been the hallmark of American service and products. In recent years this image has been tarnished. Management in the United States has traditionally relied on the concept of acceptable level of quality. This has tended to be the minimal amount of quality to remain competitive, or in DOD terms of reference, to satisfy minimal contractual requirements.

This concept of minimal quality must be replaced with a philosophy of continuous quality improvement. In DOD acquisition, competition is too frequently based on price, and an award to the low bidder mentality is often too pervasive.

As long as this persists, there is no reason for contractors to make the needed quality improvement a way of life. We must find new ways to consider quality history in the source selection process and to reward high quality performance. We must move away from defining our requirements in minimally acceptable terms to a system that recognizes two objectives: quality and price.

Stated simply, we should adopt a policy of competition for excellence along with competition for price.

SUMMARY

In summary, Mr. Chairman, we must view this budget request in the context of our desire for a strong defense, remembering the hard-learned lessons of the 1970's when military readiness suffered severely due to insufficient funding. We must recognize that for facilities we must pay as we go.

We borrow on the future if we do not take care of our facility investment today. We must put quality at the top of our agenda and foster the development of talent as we involve America's best architects and engineers to obtain quality facilities.

Military construction will always be a wise investment with a good payback. It remains a high priority for defense, because it is an investment in our most valuable asset—that is indeed our people. We appreciate your leadership, Mr. Chairman, and your assistance in providing a balanced program of facilities support so crucial to our national defense.

Thank you, Mr. Chairman, and I am now ready for your questions.

[The prepared statement of Mr. Wade follows:]

PREPARED STATEMENT OF HON. JAMES P. WADE, JR.
ASSISTANT SECRETARY OF DEFENSE
(ACQUISITION AND LOGISTICS)

Mr. Chairman and Members of the Committee:

INTRODUCTION

I am delighted to be with you this morning, to present and discuss with you the Department of Defense Fiscal Year 1987 request for Military Construction.

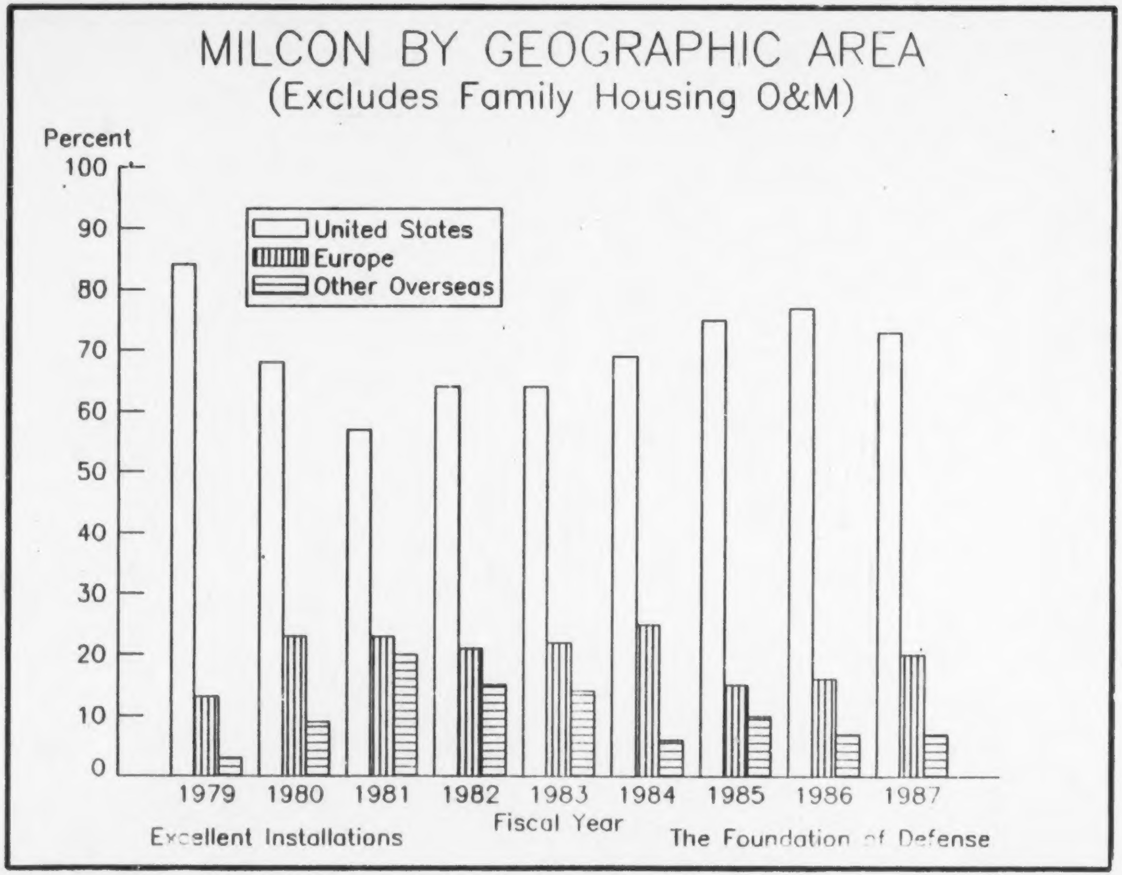
This is my first appearance before this Committee. As Secretary Weinberger's representative charged with Defense acquisition, Military Construction is an important part of my business.

Our overarching goal for facilities is to ensure that we have the excellent installations we need, to accomplish Defense missions in peacetime and war. With your support, we have made a significant impact toward that end in recent years, and we have laid a foundation for the most effective military we have ever had in peacetime. I look forward to working with you, to continue to ensure that we are providing quality facilities for our Defense -- and efficiently.

PROGRAM CONTENT AND COMPARISON WITH PREVIOUS YEARS

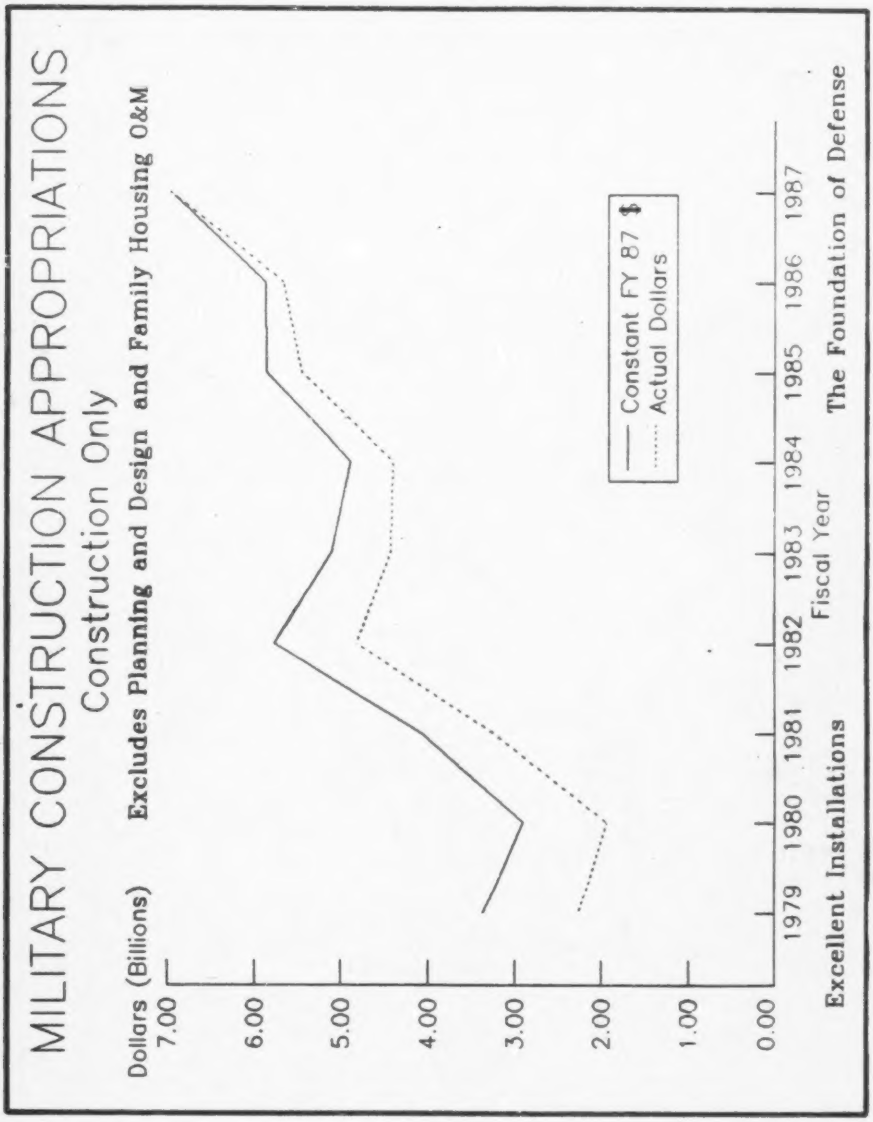
For Fiscal Year 1987 we are requesting appropriations of $10.2 billion. It comprises $7 billion for actual construction work, $2.7 billion for operation and maintenance of family housing, and $500 million for planning and design. Of our construction, 73 percent is inside the United States, 20 percent is in Europe, and 7 percent is for other overseas locations. The split between inside and outside of the United States is similar to our Fiscal Year 1986 request as shown on chart 1. A comparison of Military Construction appropriations, Fiscal Years 1979 through 1987, is shown in Chart 2.

About $1.7 billion in our FY 1987 Military Construction request, is to support new forces and weapons, such as: $178 million for our new Trident base at Kings Bay; about $70 million in operational and community facilities for the Ground-Launched-Cruise-Missile



MILCON BY GEOGRAPHIC AREA
(Excludes Family Housing O&M)

(CHART 1)



MILITARY CONSTRUCTION APPROPRIATIONS
Construction Only
Excludes Planning and Design and Family Housing O&M

(CHART 2)

sites; $359 million for the Army's Light Infantry Division at Forts Drum and Wainwright; and, $10 million for the Strategic Defense Initiative requirements in California, Hawaii, New Mexico and Kwajalein.

SOME COMMENTS ON CONSTRUCTION INVESTMENT

Facilities are important force multipliers. For example, our capability in peacetime and for potential hostilities is significantly multiplied by having forward bases from which to deploy and to provide logistic support for our military forces. Providing quality facilities adds to that multiplying effect. In fact, investments in our facilities commonly lead to significant increases in the output of our people who work and live in them. Therefore, we continue to request funding to replace and/or renovate facilities, such as old, dilapidated Army tactical equipment shops, so that our people who maintain tanks, and other tactical equipment, can do their work more effectively and keep more combat equipment available for longer periods of time.

I think physical fitness training centers, libraries, commissaries, child development centers, and other community facilities deserve some special focus. We are requesting facilities for new and expanded missions overseas. Our rules in the Department of Defense say that at these locations all community facilities are eligible for appropriated funds. However, because at times we could not get funds authorized or appropriated by the House Military Construction Subcommittees, we have tried funding community facilities through the use of nonappropriated funds. We have been severely criticized by the House Armed Services Readiness Subcommittee which maintains we should use appropriated funds. We agree with the Readiness Subcommittee -- our airmen ought not to have to pay to move ground-launched-cruise-missiles to Belgium, nor should our soldiers have to pay for increasing the force at Vilseck, Germany.

Community facilities have a tremendous effect on our people's morale and performance, as our senior enlisted people have testified before Congress.

Now, I have a success story that I believe demonstrates the wisdom of investing in our people. During General Bill Creech's tenure as commander of the Air Force's Tactical Air Command (TAC) from 1978 - 1984, TAC spent

$1 billion on facilities, as part of an overall program to improve TAC's readiness. This paid off as TAC's airmen increased aircraft availability and safety, giving TAC the equivalent of an additional 513 fighters worth nearly $7 billion. At the same time, TAC improved its aircrew proficiency by flying 80 percent more training sorties, and its ability to fly fighter missions in the first days of a war doubled. This is illustrated in the following table.

Indicator	1978	1984	Percent Improvement
Percent of aircraft mission capable	52%	83%	60%
Percent of broken aircraft fixed within 8 hours	20%	75%	275%
Flying hours between crashes	13,300	50,000	275%
Training sorties per month per aircraft	11.5	20.7	80%
Wartime surge capability, Sorties per day	3,000	6,000	100%

The two bottom lines are TAC's most important output measures. Together, the two indicators mean that each sortie is flown by a much more capable crew, and there are twice as many sorties. Hence, it can be said that TAC's military capability more than doubled.

TAC invested heavily in facilities to enhance pride and professionalism among its people. This lead to significant productivity gains. This same approach has also been used by America's most successful corporations — IBM, 3M, Dana, Marriott, and others. This success has caught on in Defense. What has been recognized and put to practical use in the widely acclaimed turnaround of the Tactical Air Command, is now being applied in such major commands as the Strategic Air Command, and the Army's Training and Doctrine Command. Of course, this attention to facilities is really aimed at the people who make it all happen. Facilities foster pride, professionalism, and productivity.

How much should we be investing in facilities? Our judgment is that we need to have at least an annual Military Construction investment of two percent of our plant value. At that rate our facilities would be replaced every 50 years, on the average. We fell short last year, and indeed this years severe budget pressures have limited our request to 1.8 percent. Looking at our installations today, it is evident that we have not achieved the modernization of our facilities that Defense needs.

We must not turn back the clock to the inadequate funding levels of the 1970's when we consumed our capital. We replaced only 1 percent of our structures per year, and that was not enough. It is no coincidence that recruiting and retention, as well as readiness, fell to historic lows in that time period.

With your support we have made excellent progress in recent years. What is needed, and being provided -- I would add -- is continued Congressional support for Military Construction investments. Inadequate funding would result in false economies:

- o Maintenance would suffer, training would deteriorate, and crew proficiency would be undermined; and
- o The reduced quality of life for service personnel would hurt morale and increase turnover. That would mean higher training costs for less experienced forces, and reduced readiness.

MORE FIGHTING POWER FOR THE DOLLAR

We continually look for ways to get more construction out of each dollar. To achieve that end, we are proposing the following legislative changes.

1. Increase Minor Construction Authority to $2 million. This involves only about 10 percent of the total construction dollars in the Military Construction appropriations but over half of the individual projects. Under the current system, the length of time from concept to occupancy of a facility runs from 5 to 7 years. We can reduce that to 2 or 3 years for the smaller projects. This will speed up facilities acquisition, reduce time consuming reviews, and give us a better return on investment by avoiding inflation involved with delaying construction. Your oversight responsibilities would continue to be satisfied by the notification required for these projects.
2. To give our operational commanders greater flexibility to take care of their facilities, we are requesting a modification to the definition of minor construction. We want the commanders to be able to use their

funds for those projects that include a mix of repair and construction. The present system amounts to an administrative nightmare that, more often than not, results in denying our people the improved facilities they deserve. For example, in renovating an old tactical equipment shop, we may need to install new equipment bay doors, and reconfigure the overhead inside, in order to accommodate the height of an M-1 tank turret. We want to allow a commander to go ahead with such work without being hamstrung as to whether or not to call the doors and changed rafters construction or repair, and to account for them separately.

3. For Fort Drum we are asking authorization for the full scope of Military Construction required, with appropriations spread over three years. That would allow us to package a large portion of the construction under a single major contract and award it upfront. This package approach, rather than the normal stretch-out approach which involves requesting funding of individual projects over a number of years, could save us approximately $100 million for the total effort.

Working together on proposals such as those just mentioned, we can keep facilities support of National Defense strong, and get more for the $7 billion that we are requesting for construction.

DEFENSE MEDICAL FACILITIES

We are requesting $340 million in appropriations for medical facilities worldwide.

Fiscal Year 1986 will be a period of transition during which the Assistant Secretary of Defense for Health Affairs will begin the process of establishing the procedures that will integrate the Services' health facilities construction projects into a consolidated DoD program. This new office will be fully operational on October 1, 1986. While the FY 1987 program was developed by the Services, its scope, quality, and compliance with the recommendations of the Blue Ribbon Panel on Sizing of DoD Medical Treatment Facilities were closely controlled by the Assistant Secretary of Defense for Health Affairs.

OTHER FUNDING SOURCES

In addition to MILCON, facility support for Defense comes from over

$500 million of nonappropriated funds generated by Service people themselves. Our Japanese and Korean hosts carry a good share of the burden for the facility costs of our forces in their countries. Over the past seven years these countries have funded almost $2 billion in construction for our forces stationed there. In addition to construction, both countries provide land, utility cost reductions, and other items, that overall are valued in excess of $1 billion per year. A recent agreement with our NATO allies doubles the annual infrastructure funding. Part of that increase will go to pay the U.S. back by 1990 for all NATO projects that we have prefinanced. Last year, we recouped $23 million and we will get back $25 - $30 million this year. I ask that the Committee not continue to tie payments into the infrastructure fund firmly to the recoupment rate, which is unpredictable throughout the year. We could find ourselves in a catch-22, unable to obligate money and thereby actually blocking NATO authorization of recoupments. What is worse, we could bring the entire infrastructure program, which we fought so hard to increase, to a complete halt.

Another potential source is attracting private capital, which Conress has urged and for which we have used some innovative approaches. For example, at Fort Ord, California, we outleased land to a contractor who, in turn, built, and now operates and maintains an attractive mobile home community, providing affordable housing to our lowest-ranking troops, in a high-cost area, and at no cost or obligation to the government. Also, we have been successful in attracting upfront private financing through use of the authority given to us for the so-called section 801 (Build-to Lease) and section 802 (Rental Guarantee) family housing. In the past year, we have signed contracts for 2,863 lease units and are now planning for 1,000 more. We have 600 rental guarantee units under contract and are pursuing two additional such projects.

We will continue to press for support from our allies and use other sources of funds for facilities, but we still need substantial support through the Military Construction program:

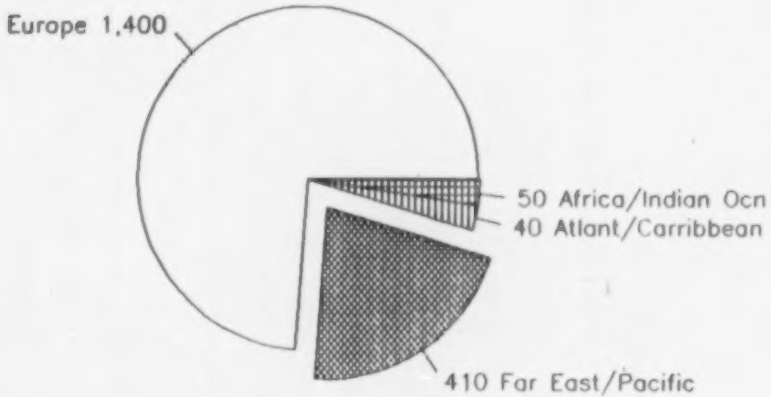
OVERSEAS CONSTRUCTION

For FY 1987, overseas construction requirements total $1.9 billion with $1.4 billion planned for European countries. Chart 3 displays these overseas

FY 1987 FUNDING (Millions of Dollars)

Overseas Military Construction

Specified Military Construction Overseas $1.9 Billion



Excellent Installations – The Foundation of Defense

(CHART 3)

requirements by region. Continuing our emphasis on people overseas, we are requesting authority to lease 2,500 additional family housing units and construct over 1,500 family housing units. See chart 4.

OVERSEAS FAMILY HOUSING

Leasing
- o Currently have 32,000 lease units authorized
- o Requesting 2,500 additional
  - oo All for the Army. Will allow a coordinated plan of leasing, construction and economy housing be implemented to properly house our Army people in Europe
- o Used when it is the most cost effective way, or where our tenure is short

Construction
- o All new construction is now with U.S. manufactured housing
  - oo Contracts to date are below the government estimate
  - oo We want to make this method work
  - oo Our FY 1987 reuest is for 1,537 units at $171 million
  - oo Germany 1,060, Italy 90, Kwajalein 136, Iceland 250, Korea 1
  - oo The units in Europe are estimated at $86,000 per unit while those at Kwajalein and Iceland are higher because of location

(CHART 4)

Europe/NATO

Included in the European total for military construction is $247 million for the U.S. share of the NATO Infrastructure program. This commonly-funded program provides many of the wartime-required operational facilities in Europe. The funding provided by the NATO allies for the 1985-1990 period is compared with previous funding in Chart 5. Current planning includes the

NATO INFRASTRUCTURE

YEARS	TOTAL PROGRAM	AVERAGE ANNUAL PROGRAM
1980-1984	1.2 billion IAU	248 million IAU
1985-1990	3.0 billion IAU	500 MILLION IAU

The average annual NATO Infrastructure Program in IAU's has increased 100 percent from the 1980-1984 period to the 1985-1990 period.

(CHART 5)

construction of basic operating facilities for all U.S. tactical air reinforcements, over 600 hardened aircraft shelters, and the continuation of storage for our prepositioned stocks. However, in spite of the substantial increase in funding by other NATO nations, it still will not satisfy all priority U.S. requirements that are eligible for NATO funding. While the allies have agreed to new NATO eligibility for some high priority U.S. facilities requirements, the main emphasis through 1990 will be on the programming of current NATO-eligible operational requirements rather than on attempting to further expand the program. U.S. funding still will be required to construct administrative, personnel support, and other, essentially peacetime, requirements.

One of our highest priority goals in Europe continues to be the improvement of working and living conditions. For Europe, the FY 1987 request provides $147 million for 1,400 units of family housing and over $160 million for barracks and dining halls. Community support requirements total $68 million and include child care centers, religious and education facilities, physical training areas, and youth centers. Included in that total are a commissary and exchange at Florennes where new operational missions have been established. Also, we are proposing commissary and exchange construction in Vilseck, Germany where an infantry brigade and support battalion are being added to the force at that installation. We feel very strongly that the use of appropriated funds are warranted for such projects in these instances. Needed medical and dental facilities require some $55 million while construction and improvements for the dependent schools systems require $92 million. The Army requirements include over $100 million for essential facilities modernization at various European bases, where many of the facilities existed before World War II and are unquestionably inadequate to meet the needs of today's weapon systems, such as the M-1 tank and the Bradley Fighting Vehicle.

Ground-Launched-Cruise-Missile Facilities

Construction in support of the GLCM program is progressing well, and is beginning to wind down as more units become operational. The FY 1987 Military Construction request contains $34 million for the second increment of funding for the Netherlands basing that was started with last year's program. We fully expect to be proceeding with the basing in the Netherlands in the spring and will be moving at full speed to make up lost time. There are additional projects valued at over $30 million in support of the five other GLCM bases in Belgium, Germany, Italy, and the United Kingdom.

Pershing II Security

The FY 1987 request includes $45 million for site upgrades at various locations in Germany. Consistent with Congressional desire, the United States will continue to work with NATO to obtain maximum recoupment of funds for this work.

Pacific/Far East

In the Pacific and Far East, our request totals about $410 million and, combined with the significant host nation support we receive, will continue our efforts to modernize our physical plant throughout the area. Among the bigger items is $130 million for much needed unaccompanied housing, dining halls and physical fitness centers; the majority for Korea. Also, our request contains over $64 million for maintenance facilities needed for the proper upkeep of our tactical equipment, and over $40 million for storage facilities. Your past support for our drive to bring our Pacific bases up to current standards is paying off. This year's program will bring us another step closer to our goal.

Southwest Asia

In general, our construction requirements in Southwest Asia have been satisfied. However, the 1987 request includes $34 million for enroute facilities in Morocco and the Azores, and $7 million for support facilities in Oman.

ENVIRONMENTAL PROTECTION

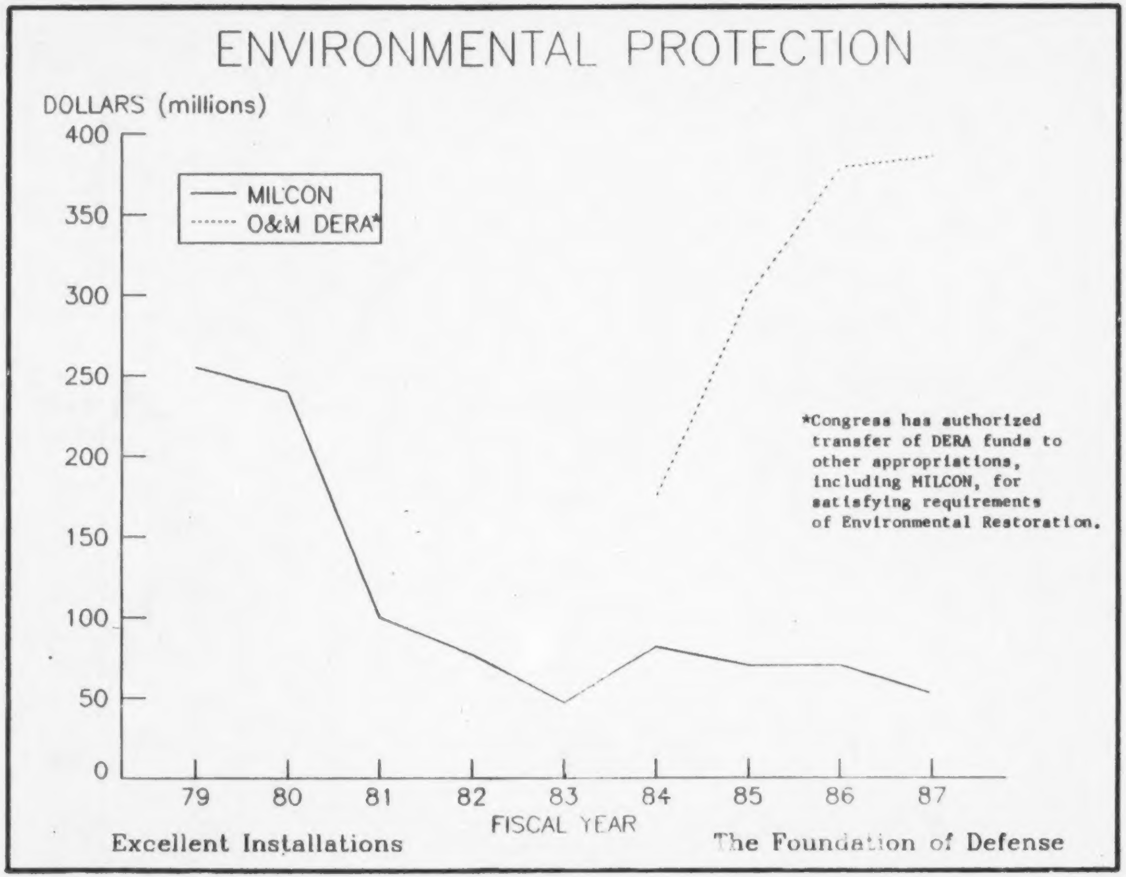
Environmental protection has high priority in the Department. We are committed to eliminating all air and water deficiencies, and to pursuing solutions to hazardous waste problems, both from current generation and past disposal practices. Including conforming storage facilities for hazardous materials/waste, as well as projects for pollution abatement, the FY 1987 MILCON request contains about $53 million for environmental protection.

The Department of Defense has made significant strides in controlling domestic and industrial wastewater, and in correcting air pollution deficiencies. At the end of Fiscal Year 1985, 70 percent of our water pollution sources were in compliance with applicable laws and regulations, and 85 percent of our major air pollution sources were in full compliance. Rather than requiring special funding, pollution controls now are included as part of the design of new facilities that have potential to be sources of pollution.

Our major environmental challenge today is hazardous waste management, with construction of proper storage, treatment, and transfer facilities as high priority. For hazardous waste, the FY 1987 MILCON request includes $21 million for storage facilities. We expect to dontinue programming to satisfy requirements for hazardous waste for several more years.

Chart 6 illustrates that for environmental protection we are now concentrating on a program funded from operation and maintenance, called the Defense Environmental Restoration Account (DERA). The DERA received appropriations of $379 million in Fiscal Year 1986 and we are requesting $386 million in Fiscal Year 1987. Although the DERA is funded through operation and maintenance, its funds can be transferred to the Military Construction account if needed. We do anticipate such transfers. The DERA program consists of three parts:

1. "Installation Restoration" — to investigate and cleanup past hazardous waste sites on currently and formerly used DoD property. As of the end of FY 1985 preliminary assessments were completed at about 95 percent of the installations with potential for contamination. These assessments showed about 3,000 sites that need further study or remedial action. Over 100 of those sites have already been cleaned up and another 200 are being evaluated to determine the appropriate remedial action.
2. "Building Demolition and Debris Removal" -- to remove unsafe, hazardous structures and debris from active and formerly used sites.
3. "Other Hazardous Waste Operations" -- where our efforts are directed toward reducing the amount of hazardous waste generated from current operations as well as improving management practices.



*Congress has authorized transfer of DERA funds to other appropriations, including MILCON, for satisfying requirements of Environmental Restoration.

Excellent Installations **The Foundation of Defense**

(CHART 6)

GETTING THE FACILITIES BUILT

To build facilities at the least cost we will continue to "package" two or more construction projects together under one contract. The proposal for Fort Drum is an example of one packaging proposal with a very large potential cost savings. However, there are numerous smaller construction projects for which this approach is applicable. We intend to use this approach whenever it makes sense. However, we will remain sensitive to the small construction contractors in the local area who can often give us a good price because their mobilization costs are smaller. If a packaged contract is too big, it could exceed the management and bonding capabilities of the small local contractors.

LEGISLATIVE PROPOSALS

A summary of our legislative proposals are provided in Chart 7. Your approval of these proposals will provide our people with facilities faster, help the environment, and streamline facilities management.

NEW APPROACH TO QUALITY

There is one other thing that we need that I'd like to discuss with you today. In my judgment we must move quality to the top of our agenda for the future. Historically, quality has been the hallmark of American service and products. In recent years this image has been tarnished. Management in the United States has traditionally relied on the concept of "acceptable level of quality." This has tended to be the minimal amount of quality to remain competitive, or in DoD terms of reference, to satisfy minimal contractual requirements.

This concept of minimal quality must be replaced with a philosophy of continuous quality improvement. In DoD acquisition, competition is too frequently based on price, and an "award to the low bidder" mentality is too pervasive. As long as this persists, there is no reason for contractors to make quality improvement a way of life. However, we must find new ways to consider quality history in the source selection process and to reward high quality performance. We must move away from defining our requirements in minimally acceptable terms, to a system that recognizes two objectives:

FY 1987 LEGISLATIVE PROPOSALS

Increase in Minor Construction Limit

- Increase the maximum amount to be spent on a Minor Military Construction project from $1 million to $2 million.

Increase the Number of Foreign Family Housing Leases

- Increase the number of foreign leases authorized by 2500 units. This will be used by the Army to negotiate new build-to-lease agreements in Europe. The leases will be used only where severe shortages of housing exist and only where leasing is the most economical alternative.

Construction of Postal Facilities

This section will allow the Postal Service to provide facilities on base to serve members of the Army and Air Force. Current law requires the Army and Air Force to provide for postal facilities. Congress has historically denied military construction funds for such projects because these facilities are the responsibility of the Postal Service. This change will remove this inconsistency between existing legislation and Congressional intent.

Establish "Renovation" as a New Category of Work

This provision will allow funding of the combined maintenance, repair, and minor construction work required to renovate facilities. Currently, all three efforts have separate approval and funding rules which delay execution of concurrent work and create additional accounting effort. The new provision limits the total amount for such an undertaking to the legal limitation for a minor construction project.

Overseas High Cost Family Housing Leases

This section increases the number of high cost family housing leases by 20 and reflects the the devaluation of the dollar against foreign currencies.

Hazardous Waste Storage Facilities

This section will lessen the amount of time needed to acquire Hazardous Waste Storage Facilities by providing a "class" authorization and by allowing construction to begin when application for a storage permit is made. Current procedures require line item approval by the Congress in the budget process and construction cannot begin until a storage permit has been issued.

Increase Contract Thresholds

This section will increase the threshold for contracts which must be advertised in the Commerce Business Daily (currently $10,000) to $25,000. This threshold increase will reduce administrative effort by the government and contractors.

Military Family Housing

This section will eliminate the "sunset" provision of the domestic leasing program and rental guarantee program. This will provide permanent authority for the services to acquire housing under these programs.

(CHART 7)

quality and price. Stated simply, we should adopt a policy of "competition for excellence" along with "competition for price."

SUMMARY

In summary, we must view this budget request in the context of our desire for a strong Defense, remembering the hard-learned lessons of the 1970's when military readiness suffered severely due to insufficient funding. We must recognize that for facilities we must pay as we go. We borrow on the future if we do not take care of our facility investment today. We must put quality at the top of our agenda and foster the development of talent as we involve America's best architects and engineers to obtain quality facilities.

Military construction will always be a wise investment with a good payback. It remains a high priority for Defense, because it is an investment in our most valuable asset - our people. We appreciate your leadership, and your assistance in providing a balanced program of facilities support so crucial to Defense.

Thank you Mr Chairman. I am now ready for your questions.

HONORABLE JAMES P. WADE, JR.

Dr. James P. Wade, Jr. is the Assistant Secretary of Defense for Acquisition and Logistics, having received his appointment from the Secretary of Defense on 5 July 1985.

Dr. Wade was born in Richmond Heights, Missouri, December 26, 1930. He received a B.S. degree in Engineering from the United States Military Academy, West Point, New York,1953; a M.S., and Ph.D in Physics in 1961 from the University of Virginia, Charlottesville, Virginia. He is a graduate of the U. S. Army Command and General Staff College.

In earlier assignments, Dr. Wade served as a staff member of the NATO Defense College in Paris, France; the Physics Staff of the Lawrence Radiation Laboratory, University of California, Livermore, California; and the Defense Advanced Research Projects Agency, Arlington, Virginia.

In 1970, Dr. Wade joined the staff of the Deputy Director, Defense Research and Engineering (Strategic and Space Systems), Department of Defense. In 1972, he was appointed Director, OSD SALT Support Group, and participated as the Senior OSD Staff Advisor on the U.S. Delegation to the Strategic Arms Limitation Talks with the USSR. He was also the Director, Net Technical Assessment.

In 1974, the Secretary of Defense appointed Dr. Wade to be the Deputy Assistant Secretary of Defense for Policy Plans and National Security Council Affairs, and Director, Department of Defense Strategic Arms Limitation Talks (SALT) Task Force.

In 1978, Dr. Wade was appointed as Assistant to the Secretary of Defense for Atomic Energy, and confirmed by the Senate as Chairman of the Military Liaison Committee to the Department of Energy.

In 1984, Dr. Wade was appointed as Assistant Secretary of Defense for Development and Support, in addition to being the Principal Deputy Under Secretary of Defense for Research and Engineering, having served in this position since April 1981.

On 1 December 1984, Dr. Wade became Acting Under Secretary of Defense for Research and Engineering, where he served until 5 July 1985.

Dr. Wade was awarded the Department of Defense Distinguished Civilian Service medal in 1975, the Department of Defense Medal for Distinguished Public Service in 1977, and the Bronze Palm to the Department of Defense Medal for Distinguished Public Service in 1981.

PREPARED OPENING STATEMENT OF SENATOR SASSER

Senator MATTINGLY. Thank you.

I see the Ranking Member has joined the committee. Do you have a statement prior to asking questions?

Senator SASSER. I have a statement, Mr. Chairman, which I will ask unanimous consent to be submitted for the record.

Senator MATTINGLY. Without objection.

[The opening statement of Senator Sasser follows:]

OPENING STATEMENT OF HON. JAMES SASSER

U.S. SENATOR FROM TENNESSEE

Thank you, Mr. Chairman.

The bill before us for fiscal year 1987 is 25 percent higher than the adjusted appropriated amount for fiscal year 1986. I think it goes without saying that such an increase will not be approved by this committee or the Congress.

So, here at this first hearing, I would urge the administration witnesses to begin thinking about their priorities. We do not want to cut higher priority projects. We will seek only to cut out those projects that can realistically wait until another year.

So, I hope that we will get the kind of cooperation we need from the administration in drafting a bill that is more realistic and in keeping with the fiscal constraints of the U.S. Government.

Thank you, Mr. Chairman.

STUDY ON VITAL STRATEGIC BASES IN PHILIPPINES

Senator MATTINGLY. All right, Dr. Wade, as you are well aware the military construction appropriations bill for fiscal year 1986 included report language which requested a detailed study of our vital strategic bases located in the Philippines. Now that three-part study has been received by this committee, two parts which were classified and deal with the security of our bases and alternate locations in the event we lose access to the Philippines; the final part of the report was a requirement for 5-year construction plan. That plan was due to this committee on March 1, and there was no objection to the 15-day delay you requested to personally review the plan.

We have now received your plan, on Friday of last week, and quite frankly I am a little bit insulted by the report. I do not know about the Ranking Member. But, Dr. Wade, this committee in the past 5 years has asked for and received 5-year construction plans on various locations, and I think more recently for Central America, and the Department has provided those plans.

Obviously a plan is just that, and there are some who may agree with the plan, and some who may not, and yet the fact remains that the plan may never be requested, but at least it provides the Congress with some insight into the direction we might be going.

Your Philippine plan, however, is nothing but a broad generality of the type of facilities needed in the Philippines, and is not any different I might add from what is probably needed worldwide.

DETAILS ON REPORT OF CLARK AND SUBIC FACILITIES

My question to you is: Why have you chosen to send such a report, and not provide any detail for the 5-year projects at Clark Air Base and the Subic Naval facilities?

Mr. WADE. Yes, sir, Mr. Chairman. As you appreciate, during this past 4 to 6 weeks we had the program under review during the course of the events that were taking place in real time; and, I thought it was appropriate to again take a last-minute scrub of that 5-year program.

The memo I sent to you and the members of your committee last Friday was at that time a rough outline of where our review stood. As you have indicated this morning, if you need more additional information we can provide that, and we can provide that to you by close of business, if you would so like. We are trying to be responsive, but I thought it was appropriate that we take our time and make sure that what is on that list is the best of our thinking.

Senator MATTINGLY. It would seem to me that from all the furor we went through last year in passing the bill and finally passing the bill before the U.S. Senate and the debate on the Philippines by the Ranking Member from Tennessee and myself, that everybody sort of knew what the scenario was.

It is hard for me to believe that nobody could get together better than a page-and-a-half document.

Mr. WADE. Yes, sir.

Senator MATTINGLY. Which I do not think is really going to hold much water.

FIVE-YEAR PLAN FOR PHILIPPINES

What I would like for you to do is provide the record, as soon as possible, a detailed 5-year plan for the Philippines, including a project-by-project and base-by-base breakdown for the next 5 years.

Mr. WADE. Yes, sir. You will have that.

Senator MATTINGLY. How long will it take to get that, do you think?

Mr. WADE. We can have it by tonight.

Senator MATTINGLY. Well why did you not just attach it to this one?

Mr. WADE. Because at the time, Mr. Chairman, I was going through it myself, personally, item-by-item, and I felt another 2 weeks was an appropriate review at my level.

Senator MATTINGLY. I just meant when you finished reviewing it, why did you not attach it to last Friday's report?

Mr. WADE. Well, actually that memo was done a couple of days before the time it got over here, so——

Senator MATTINGLY. You mean you predated something?

Mr. WADE. No, sir.

Senator MATTINGLY. I thought that was illegal on checks.

Mr. WADE. No; it is not that, it just takes time for it to get out of the building.

RECOUPMENT PROCESS WITH NATO INFRASTRUCTURE

Senator MATTINGLY. OK. Let me make another comment. As you know, the Congress has been concerned in recent years with the recoupment process involved with the NATO infrastructure, and you spoke to that. There has been concern that the United States might never receive the hundreds of millions of dollars that were prefinanced for the NATO projects. I am aware that in the recent past these recoupments have improved. I understand that at the end of the current 6-year cycle that our past recoupments should be paid in full. I believe you made that comment in your statement.

Can you explain to the committee the justification for the $267 million request for this account, compared to the $10 million that we gave you in 1986?

Mr. WADE. Yes, sir; the main difference is that the past year, and particularly for fiscal year 1986, we were living on prior year's savings as a result of the very strong dollar. Those savings now have run out. We now have this larger infrastructure program with NATO that is going to call for payments from us on the order of, as you indicated, $250 million. Of course again the strength of the dollar is changing, dropping in purchasing power in Europe, and we are going to see that problem presumably over the next couple of years. But in reference to 1985 and 1986 it was the prior year's savings from the stronger dollar that were able to be applied to those funding levels. Those moneys now have been spent, or will be spent by the time this fiscal year is over with.

RECOUPMENT AMENDMENT

Senator MATTINGLY. I notice in your testimony also you made a comment in reference to the recoupment amendment that we had included in there, which I might add will probably be there again this year.

Why are you so dead set against the amendment that we have included the last 2 years? And why should we not include a similar provision this year as an incentive to the NATO to continue this process? I might add, I think the recoupment amendment we have had in the last 2 years is probably the trigger to get the money.

Mr. WADE. Mr. Chairman, I agree with that comment—namely, it has put us on the right track; but I believe we are now on a good track with a recoupment process that will see these funds repaid by 1990. I think there is a danger to tie and restrict these kinds of funds, to $25 to $30 million per year based on recoupment, to this overall request for, on the order of, $250 million. That fund level needs to be authorized for projects in NATO during the course of the fiscal year 1987, and without that ability to authorize those kinds of total funds, the infrastructure program can grind to a halt. I think they could have a dramatic impact on the viability of the total infrastructure program of NATO.

I think our track record has been good in the last year. We have had funds come back in 1986—I should say 1985. We see moneys coming back this year and next year. What I am asking you is to look at the record that has occurred over the last 2 years, and see that that record will be complied with as we go toward the 1990 and 1991 time period. You have made your point and we are complying. To maintain the provision now would be counterproductive.

Senator MATTINGLY. Well, I guess that is sort of the key point. Why would we not put it in there if it was the tool to make the recoupment possible. If we had not done it, it certainly would not have happened. That is what I feel, and I think that will probably be the debate in this committee and on the floor of the Senate when they come to it.

You may need more ammunition than what you have got right here to preclude that amendment from not being in the bill once again.

SUPPORT FACILITIES FOR SDI

The MILCON bill request for 1987 also includes a request for some $10 million for facilities to support the Strategic Defense Initiative. Can you just sort of briefly outline for this committee what these projects are and their location?

Mr. WADE. I believe I have a member of that office here with me, Mr. Chairman. I might ask him to provide that additional detail.

Colonel PARKER. Sir, we have four projects. Most of them are launch facilities to test some of the missiles and the rocket motors we are using in SDI. One is in Kwajalein and one is in White Sands at launch facilities to test rockets, one the HEDI and on the FIC, which are to determine the technologies of intercepting incoming rockets.

There is a berillium rocket motor facility at the Edwards Test Facility to determine if you can use different propellants in space to get higher efficiency and more power out of the different elements. And the last one is another launch facility in Hawaii to shoot cheap excess missiles that we have, from Hawaii instead of shooting limited Minuteman missiles from Vandenberg. It is to use missiles that we have in excess, to use them instead of the more expensive and the shorter supply of Minuteman missiles.

Senator MATTINGLY. Thank you.

Senator Sasser.

Senator SASSER. Thank you, Mr. Chairman.

REPORT ON PHILIPPINE BASES

Mr. Secretary, I want to just join in in seconding the statement the chairman made about this report dated March 13 on bases in the Philippines. Quite frankly, I think to send a 2-page report up here that speaks in such general terms about a $600 million program over the next 5 years frankly reflects I think a contempt of this committee and a contempt for the Congress.

We do not ask for these reports frivolously, as you know. I do not. This whole question of the Philippines, the bases, what is to be done, I gather the Department of Defense has just taken the attitude as far as the Congress is concerned that this is none of your business. We know how to handle this, and we do not want any interference from the Congress.

Well, I think some of our friends over in the Department of Defense ought to realize that it is the Congress that interfaces with the American people from whence the funds come to build these bases and support these bases, and it is the Congress that has got to make the case to the American people as to whether or not these bases ought to be funded and whether or not the military establishment itself ought to be funded.

If we are going to have the tools to make this case, and if we are going to have the will to make this case, we have got to have the cooperation of the Department of Defense.

PROBLEMS VARIED IN PHILIPPINES

Now this whole question of the Philippines has been very discouraging to me. When we got into the issue of whether or not, given the political instability of the Philippines, we have still got problems there. That issue is not solved just because President Marcos and Imelda loaded up a few airplanes and hauled about a third of the island, the Philippine Islands, it looks like, to Hawaii; there are still problems there.

But when we were trying to get just some contingency plans out of DOD, do you have any plans to move the bases in the Philippines? The response to that initially was, well, there is no substitute for the Philippines, as if to say we in the Department of Defense have got contingency plans for everything except for the loss of bases in the Philippines. If you lose these bases in the Philippines, we will just simply have to fold up this $300 billion establishment over here and call it quits in that region of the world.

We are just simply trying to get a realistic assessment, and I just want to echo the words of the chairman that I would feel a lot better about it if you or someone else had called the chairman and just simply said we would like to postpone submitting this report to you for 30 days until such time as the situation there stabilizes, and then we would like to submit a report in some depth on it, and then we will discuss it in the proper fashion.

I think this just indicates not the proper working relationship, in my judgment, between this committee or the Congress as a whole, in what it should be with the Department of Defense.

Mr. WADE. Thank you, Senator.

Let me expand on this matter, because I think there has been a misunderstanding. What I had undertaken in my office was to review, item by item, this list of projects. I might say that the initial list was probably two or three times larger than that. The instructions I gave my senior staff was that I needed a few more days to go through this, like 2 weeks, and call over and make sure you agreed to let me have the time, and then if the committee would like to have the original document, we would forward it that day.

I wanted to be sure that the additional time was agreed upon and that there was a sense of cooperation between you and myself and the committee. On Friday my instructions also were that I sent this as a rough general approach, but I did not want to hold up on the detail list if the committee would like it at that time. So that interaction was taking place, and I was prepared to give the original list to the committee if the request came back wanting it at that time.

But I felt, as you do, that additional scrubdown was needed, and I frankly feel I still need some more time. This is a very long list, and it just takes a good deal of time. So I think that cooperation was there, and perhaps there was a misunderstanding.

MILCON BUDGET OVER PAST 6 YEARS

Senator SASSER. Well, Dr. Wade, let me just say that since 1980, fiscal year 1980, the military construction bill, the overseas accounts portion of it, has gone from $466 million to almost $2 billion, a 40-percent increase in military construction activities overseas in 6 years.

Is it your view, Dr. Wade, that it is necessary to invest this much of our national wealth in overseas military construction?

Mr. WADE. Senator, I believe you will agree with the following: that our overseas deployment is part of our overall defense posture. It is our view that the overseas facilities that we have are part of our current force structure that is deployed overseas. These new weapons systems that are being deployed overseas with the needed facilities are a vital part of the overall defense program.

If you have good facilities backing up our people, you are going to have a more efficient operation. My bottom line is, yes, they are an essential element. They are scrubbed down because of the importance of making sure that the kinds of moneys we spend overseas are truly essential.

I might just add the comment that my consideration in holding back and going through this Philippines list was just in that mode that you are raising here, that I personally wanted to put my attention over the last couple of weeks to assure you, in a sense of cooperation, that you had my personal review. So it was in that context that I asked for some more time.

But I believe the word came from the staff that if you needed the latest version that I had, it was to be available to them. I was really responding to the comment you are making to me right now.

Senator MATTINGLY. When was this information supposedly given to anybody on this committee?

Mr. WADE. I think there were some phone calls back and forth, Mr. Chairman. I asked that question——

Senator MATTINGLY. Well, it was not contact with the chairman——

Mr. WADE. I think it was a staff member.

Senator MATTINGLY.—or staff directors.

Mr. WADE. I will doublecheck that.

Senator MATTINGLY. There were no calls to the staff directors.

Mr. WADE. I will doublecheck that. I asked that question several times, Mr. Chairman, just to make sure the sensitivity here was covered.

Senator MATTINGLY. Excuse me.

EXPENDITURES IN EUROPE

Senator SASSER. Let me move on to one or two areas. We are proposing in this bill, or you are proposing on behalf of DOD that we spend $1.4 billion in Europe. Included in that amount is $267 million for NATO infrastructure. Last year we provided only $10 million for NATO infrastructure, and we reduced this account for two reasons.

One, there was already a large unobligated balance existing from previous years; and second, we wanted to send a strong signal to our NATO allies that we expect NATO to begin bearing a larger share of the defense burden.

I think that is important that we send that message every chance we get. We are sitting here now almost 40 years—indeed, we are sitting here 40 years after World War II maintaining approximately 300,000 troops in Western Europe at a time when the economies of Western Europe are every bit as strong as ours is, at a time when their expenditures for the common defense either as a percentage of gross national product or as a percentage of per capita income is less than ours; at a time when they will not comply with previous agreements that we would all increase defense spending I think as of 1979 by 3 percent per year in real dollars corrected for inflation; at a time when we start trying to negotiate with the new leaders of the Soviet Union, some standdown from intermediate ballistic missiles in Europe.

We now see some of our Western European allies starting to whisper behind the door that, wait a minute, do not pull these nuclear weapons out of Western Europe, these intermediate range missiles, we do not want you to make this agreement with the Soviet Union, because if you do that leaves us more vulnerable here. We do not have any way to stop them.

They do not have any way to stop them because they are not willing to make, in my judgment, this is one individual speaking, they are not willing to make the necessary expenditure for the common defense. And I feel that we are having to pay more than our fair share. One of the reasons we had to go initially to the whole doctrine of massive retaliation back in the 1950's is because nobody was willing to spend the money for a conventional defense of Western Europe. And as we ratchet up our defense spending and diminish our effectiveness in other areas of domestic spending—and I think over the long term damage our economy—we still find that our Western European allies, as beloved as they are to us, are not willing to come forward and do their fair share.

UNOBLIGATED BALANCES FOR NATO

So why are we requesting, Dr. Wade, why are you requesting a large increase this year? I understand you still have $400 million in unobligated balances for NATO.

Mr. WADE. Yes, sir; the number that we are requesting for 1987 is our share of the NATO infrastructure program to be authorized this year. Basically, as best I understand it our share is 28 percent of the total NATO infrastructure program. As I stated earlier, the unobligated balance is expected to be spent by the end of fiscal year 1986.

The program is agreed to as a whole, and therefore this is a part of the total program. The whole program was put together and assembled by both the political leadership as well as General Rogers, and every one of the projects are considered to be essential in regard to the need of defense in Europe.

The requirements, as we look to the future, have risen in the sense of modernizing facilities that become antiquated over time. Certainly the external threat that all this is aimed at has not diminished over the past few years. And again I think it is the presentation of a viable, long-term defense commitment that is going to bring the Soviets to the negotiating table. Any other approach is going to be fraught with failure.

The program has been scrubbed down. The need is high, as you indicate. We must continue to put pressure on our allies to continue to do their fair share. I think they have been responding to the needs for the future, and their input has risen accordingly as part of this overall program. Again, we need to continue the emphasis, but I think the emphasis has to be placed back here at home as well as overseas. It is a two-way street

GREATER CONTRIBUTION FROM U.S. ALLIES

Senator SASSER. Well, Dr. Wade, the chairman and I have included in the military construction appropriations bill language over the past several years urging that our allies pay more of their fair share. I want to try to take this message to them in any way that we can. I have discussed this with the Secretary of Defense and others, with NATO general officers that interface—American general officers who interface with their NATO counterparts.

I want them to get the message some way that many of us in the Congress, and many large portions of the American people, feel that they are not pulling their share. Now we have already invested almost $1 billion in military construction facilities or in facilities to support a Middle East, Southwest Asia, Persian Gulf contingency as you know, and if we are going to maintain a credible deterrent in that region of the world, the U.S. taxpayer is going to be called upon to invest more.

But here we have a situation where our NATO allies and the Japanese have not offered to help at all, as far as I can ascertain, with the construction of these facilities there to maintain this force which in essence protects their oil lifeline coming out of the Persian Gulf. And we get, what, 6 or 8 percent of our oil coming out of the Persian Gulf, and the Japanese get, the last time I saw, 85 or 90 percent, and a very significant percentage of European oil is coming out of the Persian Gulf. Yet that whole lifeline is protected principally by American facilities that we have had to construct all the way to Japan protected by American naval vessels until it gets within a couple hundred miles of the Japanese home islands.

What can we do in your judgment to convince our allies that they have got to do more in the common defense? I think you would agree that they should do more.

Mr. WADE. Yes, sir.

Senator SASSER. Now what can we do, in your judgment, to convince them that they have to do it?

Mr. WADE. Well, that is a tough question, because we have been working on this problem for many years. I think that as you look at the 1987 program for NATO that it is an increase from previous years; and, therefore, we are going in the right direction.

You also indicated in your comments the need for improvement in the overall conventional element of our NATO deterrent posture. That is absolutely essential vis-a-vis the change that has occurred in the nuclear balance over the past 10-plus years.

I think we just have to continue working on this problem from the perspective of the Members of the Congress and the Department of Defense, and the American people, and just keep working at the problem. This is a two-way street. It is working better than it perhaps was in the 1970's. Cooperation is up. We see the Nunn amendment that just was passed to further our sharing in R&D programs to make this better. So I think there is overall a trend line in the right direction.

Senator SASSER. Well I want to urge the Department of Defense, both those in leadership positions like yourself as civilians and those in the Uniformed Services, to carry the message to their counterparts in Western Europe that our treasury is not inexhaustible and the patience of our people is not infinite. At some juncture, we are just simply going to demand more. I see that coming.

I see that coming particularly as this Gramm-Rudman starts impacting more and more on us. People are looking around and wondering why others are not helping more if the threat is as monumental as they are told.

Mr. WADE. I think your sense there is correct, Senator.

Senator SASSER. Thank you, Mr. Chairman.

GUARD AND RESERVE FORCES IN NATO

Senator MATTINGLY. I would like to say that we would probably like to have your input sometime in reference to, I agree with Senator Sasser, in reference to the costs of NATO. Senator Stevenson and others of us have had a great desire for some time to reduce the number of dependents in Europe; that in fact we ought to be considering a greater use of the Guard and the Reserve Forces and have short-time tours over there, and in that way to sort of reduce that, instead of trying to build up the economy of Europe with their own families and businesses, that maybe it would be a good idea to contain our costs that way.

Mr. WADE. Frankly, Mr. Chairman, I just think that is the wrong direction.

Senator MATTINGLY. I know you do.

Mr. WADE. We have a professional soldier force overseas. The families are part of our total soldier force, and the efficiency, the morale, et al., of these people vitally depends on having their family with them.

If you want to go back to the old days and run people out, and have to face all those new training costs, rather than the professional soldier force that now stays in the Army, the Air Force, and the Navy, I think that is the tradeoff you have to make. I just think that is the wrong way to look for savings.

REPLACEMENT OF REGULAR PERSONNEL WITH GUARD AND RESERVE FORCES

Senator MATTINGLY. Would you want to consider, though, that maybe you would reduce the number of forces and displace that number of forces by the Guard and Reserve on temporary duty? I am not saying the whole mass of humanity that is over there.

Mr. WADE. Well, we are getting into some very fundamental questions associated with how we fulfill our national policy in this area. That is different from what I think the message the Senator was talking about earlier.

Senator MATTINGLY. The message I am trying to get through is of course it would enhance training and all those other items that the Guard and Reserve do. It would be beneficial to them, also. I am not saying the ones you would leave in Europe would not continue to have dependents. That is fine. They could retain the dependents over there. But what we are talking about is reducing the total force as far as those that are composed of dependents.

I know there is an ongoing battle between the Defense Department and others who have a view on that issue. Maybe sometime we will prevail.

PROJECT DEFERRALS

Let me ask you another question. As the budget before us contains the initial request for the new Army and Naval installations, the Light Infantry Division at Fort Drum, NY, and Fort Wainwright and Richardson in Alaska, the Naval Station at New York and Everett, WA, and the Naval facility at Naples, Italy, each of these new and enlarged facilities will come under I think a lot of close scrutiny this year.

It is obvious that the individual services must find a TOA from within their own budgets for these new bases, just as the Navy did down at Kings Bay. In doing this, I understand that several of the projects must be deferred to make room for these large increases for the new installations. What role is your office now taking at the defense level to ensure that these programs do not cause harmful delays at some of the other facilities?

Mr. WADE. Well, the process works in the main this way. Each installation sets their own priorities in reference to what they see their downstream requirements to be, and that plan works its way up to the Pentagon. And finally each of the services assembles their requirements and sends them to OSD, and although the list is rather large indeed, it is up to Bob Stone and his staff to interact with the services and make sure the priorities are as they should be.

We have a couple of ground rules. That is, that I personally believe that turning over the plant structure of the Department of Defense once every 50 years is a minimal turnover. I think most modern corporations would look at that to be a basically inefficient way of running a large business.

If you look at the fact that the infrastructure, the plant within the Department of Defense is on the order of $400 to $425 billion, that something like a 2-percent number would indicate $8 billion per year in MILCON just to keep ourselves even.

The DOD requested somewhat less than that. So that gives you sort of a ballpark number on where we should be striving in the sense of what the MILCON resources should be. It is a tough job to go through each and every one of these program elements, and I do not think we do as good a job as we can. We are trying to improve upon that because the numbers are so high. But we look toward "thrust" priorities, for support of our new weapons both here in the United States and overseas, to make sure that the efficiency of the total force—the people, facilities, and weapons—is maximized.

THRUST PRIORITIES

Senator MATTINGLY. What are the thrust priorities?

Mr. WADE. Well, I want to make sure, for example, that if you are deploying the new MX ICBM program, or the GLCM that you time the new infrastructure facilities, the MILCON that goes with it to the need date. There is no sense in having the IOC, for example, of a new system come in and have the facilities a couple of years downstream from that date.

So you have to make sure both priorities are in the same court. I would also note here that when you judge the adequacy of the program, that you look at that correlation. Namely, where is the MILCON, the required facilities vis-a-vis the weapons systems?

Senator MATTINGLY. Has there been any consideration given to establishing a new account for the new account for the special camp new installations?

Mr. WADE. Not that I am aware of.

FACILITIES SUPPORT

Senator MATTINGLY. You had mentioned that you had $500 million in nonappropriated funds that are being used for facilities' support. I am sure that you have followed the controversy over the use of these funds for the construction of national fast food franchises on military installations. Just what is your view of that effort that has been going on?

Mr. WADE. My perception is that that is a very viable operation, and the people that are actually at the receiving end of the operation are very happy indeed. I think we ought to do more of it. We have to be very careful because we are going on new ground and to make sure we go slow enough to make sure it is wise, and what have you——

Senator MATTINGLY. In other words, you ought to study it first and look at it?

Mr. WADE. I think that is what we are doing. This is a step by step process.

Senator MATTINGLY. Well, they were trying to have a 500-test, to have Burger King, and McDonald's, et cetera, run a test at one time until we stopped them. We did not think that was quite a test.

Mr. WADE. I am not familiar with that one. It does sound like it was more than a test.

Senator MATTINGLY. Where would you draw the line with respect to them? Should we have not only the fast-food business there? Should we have the Holiday Inn, Holiday Spa? I mean where does the installation—and you should be in the management area of that, really. Where does the military installation cease being a military base and become some sort of a recreation camp?

Mr. STONE. The military base already is a city, and for years we have been building the kinds of facilities you are talking about, restaurants, gymnasiums, racketball courts. We have been building them for the most part with the taxpayers money.

PRIVATE INVESTOR OPERATIONS

It looks like if we can encourage or attract private investors to put up profitmaking operations that provide good services to the military, good hamburgers or good beds for the night or good racketball courts, and the military members themselves are willing and able to pay for this, and the Government is not operating private businesses but making it easy for the private business people to run these, I think that is a good deal for all concerned. It is a good deal for the taxpayers, for the businessmen, and for the soldiers.

Senator MATTINGLY. I think the contention of the Congress last year was that you had to be careful with that in infringing on the private sector; that if you were going to do that in competition with somebody that is surrounding the installation, that it would create some problems.

Mr. STONE. You are exactly right, and the Burger King type operations or base snack bars were. The hamburgers were being made by Government employees; essentially, that was a Government operation.

I think in the long run our political system just will not tolerate the Government doing things like that. But it may tolerate private business people doing things like that.

Senator MATTINGLY. They say we make laws that look like sausages, so I guess we can make laws that look like hamburgers, too. [Laughter.]

Do you have any further questions?

Senator SASSER. No, I do not, Mr. Chairman.

SUBCOMMITTEE RECESS

Senator MATTINGLY. With that, I guess we will recess and reconvene tomorrow at the hour of 2 o'clock. Thank you, gentlemen.

Mr. WADE. Thank you, Mr. Chairman.

[Whereupon, at 10:59 a.m., Tuesday, March 18, the subcommittee was recessed, to reconvene at 2 p.m., Wednesday, March 19, 1986.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1987

WEDNESDAY, MARCH 19, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:02 p.m., in room SD–116, Dirksen Senate Office Building, Hon. Mack Mattingly (chairman) presiding.

Present: Senators Mattingly and Sasser.

DEPARTMENT OF DEFENSE

NATIONAL GUARD AND RESERVE UNITS

ARMY NATIONAL GUARD

STATEMENT OF BRIG. GEN. RICHARD D. DEAN, DEPUTY DIRECTOR, ARMY NATIONAL GUARD

BUDGET REQUEST

Senator MATTINGLY. The subcommittee will come to order. This afternoon we will continue with the overview hearings on the fiscal year 1987 military construction budget. Today's hearing will be focused on the requests for the Army, the Army Family Housing, the Army National Guard, and the Army Reserve.

The active Army's request for military construction is $1.7 billion and for family housing it is also $1.7 billion. The Army's request seeks about $536 million more than the fiscal year 1986 adjusted appropriation bill, but is $200 million less than the request for fiscal year 1986.

For the Guard and the Reserve an appropriation is requested for $121 million for Guard facilities and $86 million for Reserve facilities. The Guard is, I think, seeking an increase of $19 million above the fiscal year 1986 adjusted appropriation; the Reserve request is $28 million above last year's funding.

As I stated in the opening remarks yesterday, I continue to support and I believe this subcommittee continues to support the need for the new and improved facilities. However, we will continue to review each and every project to ensure that it is fully justified. In these times when we must all be held responsible for getting the Federal spending under control, I think it is essential that your Departments work with the

Congress to guarantee that there is no unnecessary funding included in the military construction budgets.

INTRODUCTION OF WITNESSES

At this time I would like to welcome our witnesses for today's hearing.

Major General Robert Dacey, who is Assistant Chief of Engineers, is making his first appearance before this subcommittee. I want to extend you a warm welcome, and I look forward to working with you on the Army's programs. I understand that General Hatch, who preceded you in this position, has moved on to another position with the Corps. General Hatch was not in the job very long, and I hope that Congress is not that difficult to work with that you all can make it through our budget cycle. [Laughter.]

Of course that can be said for some of the people in Congress, also.

But for the Army National Guard, Brigadier General Richard Dean, Deputy Director, will again be presenting the Army Guard's construction program.

And representing the Army Reserve we have with us the Deputy Chief, Brigadier General Mott.

Again, I welcome all the witnesses and their staff. I hope that this year will be beneficial to all of us in meeting the needs of the Army's construction programs.

Now in order to keep the hearing moving smoothly, I am asking that we receive the testimony from the Guard and Reserve before the active Army. The Guard and Reserve's testimony is usually quite short, and the questions for these witnesses will probably be submitted for the record.

Following that testimony we will go forward with the Army's presentation and their briefings on the facilities requirements for the Light Divisions.

For all of the witnesses, we will ensure that your prepared statements are made a part of the record, and would ask that you summarize where appropriate, which we know is difficult for all of us.

At this time we are ready to begin with our testimony. General Dean, if you would, go ahead and begin.

FACILITIES EXPANSION AND MODERNIZATION

Brigadier General Dean. Thank you, Mr. Chairman.

I appreciate the opportunity to appear before the subcommittee and discuss our request for the fiscal year 1987 military construction program. Our prepared statement has been submitted and I would like to do a short summary at this time.

Modernization and expansion of our facilities inventory is paramount to the successful execution of our missions. We recognize that we cannot modernize all of our aged buildings and build all the new facilities needed at one time. Our challenge then is to focus the available construction resources in the most effective combination of facilities that will sustain our existing force structure and permit us to undertake new missions.

Our program this year, as you stated, was $121 million of which $72 million is for major construction to be located in 27 States. This is part of our overall requirements of $1.6 billion in backlog and new projects.

NEW PROJECTS TRAINING AREAS

Examples of the new projects, training projects, are an automated rifle range in Michigan; a Tank Commander Academy in Idaho which develops the battle skills techniques; and new regional maintenance training sites in Iowa, Mississippi, and North Carolina, and for specialized training in the maintenance of the M–1 tank and the M2 Bradley.

Seven of the twenty-nine requested armory projects are for the reactivation of the 29th Division Light in Maryland and Virginia. Some of the new or reorganized Virginia units are not yet at the authorized strength of your guidelines. However, the critical shortage in armory space at these locations requires that we plan for these projects.

We would like to state that construction on these will proceed only when required strength levels are reached. The Adjutant General of Virginia is confident that recruiting drives this year will be successful and construction can proceed as programmed.

Just yesterday I learned that some of the new units that came on board October 1, 1985, are currently at 80 percent plus authorized strength, so the drive is proceeding.

UNDER $400,000 PROJECTS

Our program request also includes a new section entitled "Projects Costing $400,000 and Less." This includes 97 low-dollar projects for a total value of $25,533,000. These will be located in 39 States. These projects are to modernize our weapons training ranges and to construct organizational level maintenance shops and armory storage buildings. Our need to execute these kinds of projects is a priority for the Army National Guard and is included in the $1.6 billion figure I gave you. The figure for these low-dollar projects is an overall aggregate of $200 million.

UNSPECIFIED MINOR CONSTRUCTION

Funding requested for unspecified or unforeseen minor construction is $4,647,000. This lump-sum funding authority provides the necessary flexibility in our construction program to efficiently and expeditiously address critical low-dollar construction requirements.

PLANNING AND DESIGN FUNDS

Our request this year for $19 million in planning and design funds represents about a 35-percent increase over last year's request. We recognize that this is a significant increase when compared with the overall program request, but this amount is driven by many factors. Not only are our out-year programs expanding, but the design of projects must be accelerated to conform with the new OSD design status guidelines of

65 percent complete before a project can be included in the budget submission.

Also, there is an increased number of Federal design contracts for facilities placed on federally licensed property. Since the design costs for these contracts are negotiated with the architect, a Federal contract is somewhat more costly than a State design contract using NGB fee schedule based on its cost of construction.

GUARD EXECUTION OF FUNDING ON CONTRACTS

I would like to state, sir, before I close that the Guard executed 100 percent of the funding you provided to us in all prior years up through and to include 1985. At the present time, with the information we have, we will execute 100 percent in 1986 with the exception of a project in Pennsylvania where they have not yet obtained the land.

On behalf of almost 440,000 Guard members, I would like to thank you and the committee for your support, and if there are any questions we would be happy to furnish the information.

Senator MATTINGLY. I have no questions for you, General, but we appreciate your testimony and appreciate the good job that you are doing.

[The prepared statement of Brigadier General Dean follows:]

PREPARED STATEMENT OF BRIG. GEN. RICHARD D. DEAN

DEPUTY DIRECTOR, ARMY NATIONAL GUARD

DEPARTMENTS OF THE ARMY AND AIR FORCE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

I WELCOME THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE AND PRESENT OUR MILITARY CONSTRUCTION PROGRAM REQUEST FOR FISCAL YEAR 1987. ON BEHALF OF ALL THE OVER 430 THOUSAND GUARDSMEN AND WOMEN, I THANK YOU AND THIS COMMITTEE FOR THE SUPPORT PROVIDED TO THE GUARD AND THE GUARD'S CONSTRUCTION PROGRAM.

THE NATIONAL GUARD CELEBRATES ITS 350TH ANNIVERSARY IN 1986--350 YEARS OF SOLDIERING, 350 YEARS OF NEIGHBORS HELPING NEIGHBORS, 350 YEARS OF DEDICATION AND PROFESSIONALISM, 350 YEARS OF FIGHTING FOR AND DEFENDING THE FREEDOM OF OUR COUNTRY. AS WE LOOK AT OUR HISTORY AND INTO OUR FUTURE, WE SEE A COMMON THREAD--A MILITARY COMPONENT DEDICATED TO FREEDOM AND DEMOCRACY - CITIZEN SOLDIERS CONTRIBUTING A MAJOR PORTION OF THE NATIONAL DEFENSE- FROM 100 PERCENT OF THE COMMON DEFENSE IN COLONIAL MASSACHUSETTS TO NEARLY HALF OF THE ARMY'S COMBAT CAPABILITY TODAY.

THE NATIONAL GUARD IS A UNIQUE MILITARY FORCE THAT IS DEEPLY ENGRAINED IN THE ECONOMIC AND SOCIAL LIFE OF MORE THAN 2,600 COMMUNITIES IN OUR NATION. THE 3,350 UNITS OF THE ARMY NATIONAL GUARD ARE IN MANY INSTANCES A VITAL PART OF THE HISTORY OF THEIR STATE AND REGION. GENERATIONS OF FAMILIES HAVE SERVED IN GUARD UNITS IN PEACE AND WAR. TO UNDERSTAND THE PRIDE AND MOTIVATION THAT SERVES THE NATIONAL GUARD, IT IS ESSENTIAL TO RECOGNIZE THE COHESION AND ESPRIT THAT COMES FROM FRIENDS AND NEIGHBORS STRIVING TOGETHER FOR MUTUAL SATISFACTION AND PROTECTION.

THIS COMBINATION, ALONG WITH ITS HERITAGE OF PATRIOTISM AND VALOR IN BATTLE, GIVES THE GUARD ITS MEANING AND PURPOSE, AND ESTABLISHES A MILITARY FOUNDATION SELDOM FOUND EVEN IN THE REGULAR FORCES OF THE WORLD.

TO SUPPORT THIS FORCE, WE MUST BUILD FOR NEW UNITS ENTERING OUR FORCE STRUCTURE AND TO RENEW EXISTING FACILITIES TO PREVENT THE CONTINUING AGING AND DETERIORATING. OVER 1,700 OF THE 2,858 ARMORIES CURRENTLY IN SERVICE WERE BUILT PRIOR TO 1960. WHILE IT IS TRUE THAT SOME OF THESE OLDER ARMORIES ARE IN GREAT SHAPE AND ARE THE PRIDE OF THE UNITS AND COMMUNITIES, THERE ARE HUNDREDS OF THESE FACILITIES WHICH ARE NO LONGER SERVICEABLE AND MUST BE REPLACED. WITH CONSTRAINTS ON RESOURCES, THE CATCHING UP WITH OUR FACILITIES MODERNIZATION GOALS IS NOT POSSIBLE.

THE NATIONAL GUARD IS BEING ASKED TO SHOULDER MORE AND MORE RESPONSIBILITY FOR NATIONAL DEFENSE AND HAS BECOME ESSENTIAL TO NATIONAL SECURITY. NEVER BEFORE IN THE HISTORY OF THE NATIONAL GUARD HAVE CITIZEN SOLDIERS BEEN ASKED TO BEAR THE RESPONSIBILITIES AND MAKE COMPARABLE SACRIFICES IN PEACETIME THAN THEY ARE TODAY.

TODAY'S THREATS ARE DIFFERENT THAN IN THE PAST. GUARD UNITS WILL NOT HAVE TIME OR DISTANCE FROM THE ENEMY TO MARSHAL BEFORE THE BATTLE. TO PREPARE FOR THIS COMMITMENT, THE REQUIRED READINESS CAN ONLY BE ACHIEVED THROUGH INTENSE TRAINING AND AVAILABILITY OF MODERN COMBAT WEAPONS. THIS TRAINING IS BEING ACCOMPLISHED AT DIVERSE LOCATIONS THROUGHOUT THE COUNTRY ON A PART-TIME BASIS. MODERNIZATION OR EXPANSION OF THESE TRAINING SITES AND SUPPORT FACILITIES FOR THE NEW EQUIPMENT ARE PARAMOUNT TO THE SUCCESSFUL EXECUTION OF OUR MISSIONS.

WE REALIZE THAT WE CANNOT BUILD THE NEW NEEDED FACILITIES EVERYWHERE AND MODERNIZE OUR AGED BUILDINGS ALL AT ONE TIME. OVERCROWDING AND USE OF INADEQUATE FACILITIES WILL CONTINUE TO BE WITH US. FACILITIES NEEDED TO ACHIEVE AND MAINTAIN WARTIME READINESS MUST BE GIVEN OUR FIRST PRIORITY.

OUR CHALLENGE THEN IS TO FOCUS THE AVAILABLE CONSTRUCTION RESOURCES IN THE MOST EFFECTIVE COMBINATION OF FACILITIES NEEDED TO SUSTAIN OUR EXISTING FORCE STRUCTURE AND TO ASSURE EXECUTION OF NEW MISSIONS IN THE INTEREST OF THE NATION'S SECURITY.

CONSTRUCTION PROGRAM.

THE TOTAL NUMBER OF REQUESTED PROJECTS THIS YEAR IS LESS THAN LAST YEAR BECAUSE THESE FACILITIES ARE BECOMING MORE COMPLEX AND COSTLY. THIS COMPLEXITY IS DRIVEN BY MISSION AND THE DEMANDS FOR MORE INTENSE TRAINING. NEW ARMORIES ARE BEING CONSTRUCTED WITH MORE CLASSROOM SPACE AND AREAS FOR MAINTENANCE TRAINING OF VEHICLE AND EQUIPMENT OPERATORS. ALSO, MORE STORAGE SPACE WHICH IS SORELY LACKING IN OUR OLDER FACILITIES IS PROVIDED FOR UNIT SUPPLIES AND EQUIPMENT.

THE $121,100,000 PROGRAM REQUEST SUBMITTED THIS YEAR IN RESPONSE TO THIS CHALLENGE INCLUDES $71,920,000 FOR PROJECTS FOR THESE NEW MISSIONS AND FOR CRITICALLY NEEDED RENEWAL OR REPLACEMENT OF INADEQUATE EXISTING FACILITIES. THIS PROGRAM EMPHASIZES THE NEEDS FOR IMPROVED TRAINING. NEW AUTOMATED RIFLE RANGES IN MICHIGAN WILL ASSIST IN MASTERING AND SUSTAINING MARKSMANSHIP SKILLS. THE TANK COMMANDER ACADEMY IN IDAHO IS NEEDED TO DEVELOP BATTLE SKILLS. NEW REGIONAL MAINTENANCE TRAINING CENTERS IN IOWA, MISSISSIPPI AND NORTH CAROLINA ARE FOR SPECIALIZED TRAINING NEEDED TO MAINTAIN NEW EQUIPMENT SUCH AS THE M-1 TANK AND THE M2 BRADLEY FIGHTING VEHICLES. OUR ARMORY CONSTRUCTION PROGRAM CONCENTRATES ON ARMORIES WITH SEVEN OF THE 29 REQUESTED PROJECTS FOR THE REACTIVATION OF THE 29TH INFANTRY DIVISION (LIGHT) IN MARYLAND AND VIRGINIA. HOWEVER, SOME OF THE VIRGINIA UNITS ARE NOT CURRENTLY AT THE AUTHORIZED STRENGTH LEVELS ACCORDING TO YOUR GUIDELINES. THESE UNITS ARE EITHER NEW OR ARE BEING ORGANIZED FROM OTHER UNITS WITHIN THE STATE, SUCH AS "C" COMPANY, 1ST BATTALION, 170TH INFANTRY AT LEESBURG, THE DETACHMENT OF "A" COMPANY, 3D BATTALION, 116TH INFANTRY AT LEXINGTON AND "B" COMPANY, 3D BATTALION, 166TH INFANTRY AT MANASSAS.

THE CRITICAL ARMORY NEEDS AT EACH LOCATION PRECLUDES DELAYING THESE PROJECTS. CONSTRUCTION OF EACH PROJECT, IF SO AUTHORIZED, WILL PROCEED ONLY WHEN THE REQUIRED STRENGTH LEVELS ARE REACHED. THE ADJUTANT GENERAL OF VIRGINIA IS CONFIDENT THAT RECRUITING DRIVES THIS YEAR WILL BE SUCCESSFUL AND CONSTRUCTION CAN PROCEED AS PROGRAMED.

OUR PROGRAM REQUEST INCLUDES A NEW SECTION ENTITLED "PROJECTS COSTING $400,000 AND LESS", WHICH INCLUDES 97 LOW DOLLAR PROJECTS VALUED AT $25,533,000. THESE PROJECTS ARE TO MODERNIZE OUR WEAPONS

TRAINING RANGES AND TO CONSTRUCT ORGANIZATIONAL LEVEL MAINTENANCE SHOPS AND ARMORY STORAGE BUILDINGS. OUR UNSPECIFIED MINOR CONSTRUCTION REQUEST FOR UNFORESEEN NEEDS TOTALS $4,647,000.

PLANNING AND DESIGN:

OUR REQUEST FOR $19 MILLION IN PLANNING AND DESIGN FUNDS WILL PERMIT US TO DEVELOP OUR EXPANDING OUT-YEAR CONSTRUCTION PROGRAMS.

CONCLUSIONS:

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED STATEMENT ON BEHALF OF THE ARMY NATIONAL GUARD. THE FACILITIES INITIATIVES I HAVE BRIEFLY DESCRIBED AND OUR CONSTRUCTION PROGRAM BEING REQUESTED ARE INTENDED TO SUSTAIN THE MOMENTUM IN ACHIEVING OUR GOALS AND TO MEET THE CHALLENGES OF THE FUTURE. I AGAIN EXPRESS OUR APPRECIATION FOR THE SUPPORT THIS SUBCOMMITTEE HAS GIVEN TO OUR CONSTRUCTION PROGRAM. IF THERE ARE ANY QUESTIONS, I WILL BE PLEASED TO FURNISH THE INFORMATION YOU REQUIRE.

ARMY RESERVE

STATEMENT OF BRIG. GEN. HARRY J. MOTT III, DEPUTY CHIEF, ARMY RESERVE, DEPARTMENT OF THE ARMY

ACCOMPANIED BY:
BILL BOROSKA, BUDGET OFFICER
COL. TOM McMANAMAY, CHIEF, CONSTRUCTION MANAGEMENT

PROGRESS IN READINESS AREAS

Senator MATTINGLY. General Mott.

Brigadier General MOTT. Mr. Chairman, I have submitted a formal statement for the record, and now I would like to make a brief oral statement.

I welcome this opportunity to present the Army Reserve's military construction program for fiscal year 1987 and to request the necessary appropriation for its execution. On behalf of all the 600,000 citizen soldiers that make up the Army Reserve, I wish to express appreciation for the support this committee has provided for our construction program.

Overall, the Army Reserve has made significant readiness progress in the areas of personnel, training, logistics, and preparation for mobilization. Indeed, we have seen an increase in paid drill strength of almost 200,000 reservists within the last 7 years. Our programs for fiscal year 1987 are designed to continue that progress, and to do our part in obtaining a total Army of excellence ready to meet the challenges of today and tomorrow.

The Army Reserve is a full partner in today's total Army. Wherever the active component of the Army is deployed for training and making America's presence felt, the Army Reserve is there supporting and training alongside of them. Reforger and Wintex in Europe, Bright Star in the Middle East, and Blazing Trails in Central America are examples of this partnership.

JOINT DEPLOYMENT PROGRAMS

We no longer deploy after the active component units, but deploy with them as an integral part of the total force. Thus, the necessity to keep pace in all aspects of readiness. In today's environment of constrained resources, the Army Reserve provides a cost effective answer to the total Army's need for combat support and combat service support.

As the need to reduce operating costs grows even greater, we anticipate that the Army will place increasing emphasis upon the capabilities of the Army Reserve and transfer additional missions to us. We stand ready to accept these new challenges and ask for your support as we prepare to meet them.

TRAINING PROGRAMS

Training continues to be the most important responsibility of Army Reserve commanders at all levels. With the exception of 2 weeks' annual active duty, this training generally takes place at home station, that being a local reserve center or nearby training areas. While we cannot always quantify it, experience teaches us that the quality and adequacy of these facilities has a direct bearing on their ability to attract and retain quality soldiers, train them properly, and store, safeguard, and maintain the equipment made available to us.

We have outgrown the preponderance of our facilities. Most were built during the era in which the Army Reserve had very little equipment or full-time personnel. While such facilities were right for the times, they could not meet our needs today. We realize that we cannot build new facilities everywhere at one time, and that some inefficiencies and crowding will occur as we continue our program to raise the equipment levels and full-time support for the reserve units.

WARTIME READINESS

We can and must continue to improve our wartime readiness despite these inefficiencies. In the short run, we will supplement our construction program with the acquisition of leased space to ensure that new equipment is properly safeguarded and maintained. We are also designing and building specialized training facilities at convenient locations around the Nation to enable us to better train our medical, maintenance, and intelligence personnel.

CONSTRUCTION BACKLOG

Working with the Commander of Forces Command, we have identified and documented a construction backlog that is in excess of $1 billion. In this year's request, you will note an increase in planning and design funds which is needed to enable to us to move ahead in the design of these badly needed facilities.

LAND ACQUISITIONS

You will also note a number of land acquisitions in our request. Many of our older facilities are located on small parcels of land in high density areas and cannot be expanded without additional real estate. We believe that we have a well balanced program that will enable us to expand and modernize our facilities to meet the needs of today's reservists at an affordable cost.

Mr. Chairman, I am particularly pleased to inform this committee that we have successfully awarded a contract on every project authorized and funded by Congress up through fiscal year 1985 with the exception of a project at Fort DeRussy which we have held in abeyance pending the outcome of the debate over the retention of that part of the installation on which our center is located.

FACILITIES SCHEDULED FOR CONSTRUCTION IN FISCAL 1987

We believe that this is a good record, and we are proud of it. We anticipate similar success with those projects approved for construction in fiscal year 1986. Our request for fiscal year 1987 is $86.7 million, with which we propose to construct 25 major projects. These include nine new reserve centers, two storage facilities, one specialized training facility for intelligence personnel, two local training areas, and the expansion and modernization of ten existing centers.

Three of these projects are joint facilities. We are also joining with the National Guard in the replacement and upgrade of a water system to support our joint facilities in Little Rock, AR. All of these projects are beyond 35 percent design and will be ready for award in fiscal year 1987.

Mr. Chairman, this concludes my statement. The committee's continuing interest and support in satisfying the construction requirements of the Army Reserve are greatly appreciated.

Mr. Chairman, I am accompanied today by Mr. Bill Boroska, my Budget Officer, and Colonel McManamay, Chief of my Construction Management Office, who will assist me in answering any questions you may have. Thank you.

[The prepared statement of Brigadier General Mott follows:]

PREPARED STATEMENT OF BRIG. GEN. HARRY J. MOTT, III

DEPUTY CHIEF, ARMY RESERVE

OFFICE, CHIEF, ARMY RESERVE

DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee:

I welcome this opportunity to present the Army Reserve's military construction program for fiscal year 1987 and to request the necessary authorization/appropriation for its execution. On behalf of all members of the Army Reserve, I also wish to express appreciation for the support this committee has provided for our construction program.

Overall, the Army Reserve has made considerable progress in areas of personnel, training, logistics, sustaining the force, and preparation for mobilization. Our programs for fiscal year 1987 are designed to continue that progress and to do our part in attaining the Total Army of Excellence as directed by the Secretary of the Army and the Chief of Staff.

Army Reserve missions range from direct combat to combat support and combat service support. We provide units that are fully trained and capable of performing wartime missions immediately upon mobilization, and we also provide pretrained individual reinforcements. Our men and women are an integral part of the Total Army with an ever growing reliance being placed upon them. Army Reserve units no longer deploy, or employ, after Active Component units, but rather, we go with them--and in many cases before some Active Component units.

The Army Reserve is a full partner in today's Total Army. Wherever the Total Army is training and making America's presence felt, the Army Reserve is there supporting that effort: REFORGER and WINTEX in Europe, BRIGHT STAR in the Middle East, and BLAZING TRAILS in Central America are examples of this effort. The Army

Reserve is there serving alongside the soldiers of the Active Component, supporting the American presence in areas where potential adversaries are attempting to expand their spheres of influence.

In today's environment of constrained resources, the Army Reserve provides a cost-effective answer to the Total Army's need for combat support and combat service support units. As the need to reduce operating costs grows greater, the Army will respond by placing increasing emphasis upon the ability of its Reserve Components to meet its operational needs. Innovation and increased productivity will be demanded from all levels of the Total Army, including the Reserve Components, if we are to meet the fiscal challenges of the next several years. The Army Reserve is uniquely qualified by its very nature as an organization of dedicated and professionally competent citizen soldiers to meet those challenges. The Army Reserve must have the continued support of Congress if it is to be effective in fulfilling its mission. We recognize that in light of deficit reduction pressures such support will be difficult to maintain during the next several years. However, we believe that the cost- effectiveness of the Reserve Components holds the key to maintaining Total Army readiness in the face of funding constraints. Moreover, because of the already constrained level of Army Reserve funding, any reductions could seriously degrade our ability to improve the support the Total Army needs today and upon mobilization.

CURRENT STATUS: Training continues to be a most important responsibility of Army Reserve commanders at all levels. With the exception of two weeks annual active duty, this training generally takes place at the individual's home facility--that being the Reserve Center or a nearby local training area. While we cannot always quantify it, experience teaches us that the quality and adequacy of our facilities have a direct bearing on our ability to attract and retain quality soldiers; train them properly; and, store, safeguard, and maintain the equipment made available to us.

Due to the decentralized nature of the Reserve Components, our construction requirements differ from those of the Active Components. We require a larger number of much smaller and more specialized facilities located in the civilian communities in which our members live. There are now 1,099 Army Reserve Centers and 267 Maintenance Facilities owned or leased by the Army Reserve.

Most of our facilities were constructed during an era in which very little equipment was issued to the Army Reserve, and we had only one or two full-time personnel who worked at the Reserve Center. As was proper for the times, our centers contained very little space for the storage and maintenance of equipment and for the full-time staff required today. These old facilities served us well for their time--but we have outgrown them.

We realize that we cannot build new facilities everywhere at one time and that some inefficiencies and crowding will occur as we continue our program to raise the equipment levels and full-time support for Reserve units. However, we must continue to improve our wartime readiness despite these inefficiencies.

In the short run, we are supplementing our construction program with the acquisition of leased space to ensure that new equipment is properly safeguarded and maintained.

Each year as we work with the Commander, US Army Forces Command to develop and prioritize our five year construction program, we take into account the total requirement, both current and projected, for the units involved. We continue to work with the units and the planners as we design the individual projects to ensure that we construct a facility that meets the needs of the units as we can best project them.

I believe that we have a viable construction program that will enable us to expand and modernize our facilities to accommodate, and get maximum utility from, programmed increases in equipment and full-time personnel.

CURRENT YEAR PROGRAM: I am particularly proud to report that we have successfully awarded a contract on every project authorized and funded by the Congress for fiscal years 1980 through 1985 with the exception of one project. This is a project at Fort DeRussy, Hawaii, which is designed but has been held in abeyance pending resolution of the retention of that part of the installation on which our center is located. The Fiscal Year 1986 appropriation provides for the construction of 20 projects and as of 28 February, 6 of these projects were awarded. All of the remaining projects are scheduled for award this fiscal year; four in March, eight during the third quarter, and two during the fourth quarter.

MILITARY CONSTRUCTION AUTHORIZATION/APPROPRIATION

FY 87 Request: The authorization/appropriation requested for Fiscal Year 1987 is $86.7 million. The request will provide $74.3 million for Major Construction, $1.1 million for Unspecified Minor Construction and $11.3 million for planning and design work.

We are proposing the construction of 23 major projects in 15 states, one in Guam, and one major project in Puerto Rico. Specific projects are: nine new Reserve Centers, two storage facilities, one specialized training facility for intelligence personnel, two local training areas, a water system project in which we are participating with the National Guard Bureau and the expansion or alteration of ten existing centers. These were selected and ranked based on need, the mission of the unit, mobilization schedules, and the general contribution to the readiness of the Army Reserve. All of these projects are beyond the 35 percent design level. As a mater of fact, twenty-three of them are 65 percent designed or better, and we envision no difficulty in the award of all twenty five during FY 1987. In addition our request includes 15 specified miscellaneous projects costing less than $400,000.

The unspecified minor construction program will provide for emergent requirements not exceeding $400,000 in cost. The request for planning and design funds will provide for the design of projects in the backlog that are to be addressed in future authorization/appropriation requests.

CONCLUSION: Mr. Chairman, this concludes my statement. The committee's continuing interest and support in satisfying the construction requirements of the Army Reserve is greatly appreciated.

CONCLUDING REMARKS

Senator MATTINGLY. Thank you very much, General.

We have no questions for you, but I will say the same thing I said to General Dean, that the job you all are doing is outstanding.

Brigadier General MOTT. We appreciate that, sir.

Senator MATTINGLY. The Guard and Reserve continue to become more and more of an integral part of what we are trying to do in this country in the rebuilding of our defense structure, and it has worked. We thank you for it.

Brigadier General MOTT. Thank you, sir.

Senator MATTINGLY. You are welcome. Thank you all.

If you would like, you all can leave, because General Dacey will be presenting his testimony.

Brigadier General MOTT. Thank you very much, sir.

Senator MATTINGLY. Thank you.

DEPARTMENT OF THE ARMY

CHIEF OF ENGINEERS

STATEMENT OF MAJ. GEN. ROBERT J. DACEY, ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

ACCOMPANIED BY:
ALLEN CARTON, DEPUTY ASSISTANT CHIEF OF ENGINEERS
BRIG. GEN. JOHN GREENWAY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS

PREPARED STATEMENT

Senator MATTINGLY. General Dacy, if you like, you can submit your full statement for the record and then go ahead and give your short testimony, and then we can get to the questions.

[The statement follows:]

PREPARED STATEMENT OF MAJ. GEN. ROBERT J. DACEY

ASSISTANT CHIEF OF ENGINEERS

DEPARTMENT OF THE ARMY

OPENING STATEMENT

Mr. Chairman and Members of the Subcommittee. I am Major General Robert J. Dacey, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to appear before the subcommittee to present the Army's portion of the annual Military Construction Appropriation Request. The fiscal year 1987 request sustains efforts started in prior years to improve the operational readiness of the Army while, at the same time, providing those quality of life improvements so necessary to attract and retain dedicated individuals to service in the Army.

MILITARY CONSTRUCTION, ARMY

The fiscal year 1987 MCA budget request includes a request for total obligational authority of $1,695,200,000 and a companion request for authorization. This includes total authorization for the 10th Mountain Division at $615,000,000 with the appropriation request for $232,000,000 in fiscal year 1987 and $383,000,000 in advance appropriations for fiscal years 1988 and 1989.

TABLE 1
FY 87 MCA

FACILITY CATEGORY	AUTHORIZATION ($000)	APPROPRIATION ($000)
10th Mountain Division	615,000	232,000
Auth of Advance Appropriations	(383,000)	-0-
Operations and Training	340,240	361,640
Maintenance and Production	298,970	304,470
Ammunition Plants	34,620	-0-
Research, Development, Test and Evaluation	47,780	47,780
Supply	78,420	82,770
Administrative	23,090	23,090
Housing	267,060	267,060
Community	83,040	83,040
Utilities	141,710	141,710
Planning & Design/Minor	151,640	151,640
Total	1,698,570	1,695,200

TABLE 2 shows the facility catagories in which the funds are requested and the percentage of the construction dollars by category.

TABLE 2 - PROPOSED FISCAL YEAR 1987
MILITARY CONSTRUCTION, ARMY, PROGRAM
FACILITY CATEGORY SUMMARY

FACILITY CATEGORY	COST ($000)	PERCENTAGE OF TOTAL
10th Mountain Division	232,000	13.7
Operations and Training	361,640	21.3
Maintenance and Production	304,470	17.9
Ammunition Plants	0	0
Research, Development, Test and Evaluation	47,780	2.8
Supply	82,770	4.9
Administration	23,090	1.4
Housing	267,060	15.8
Community	83,040	4.9
Utilities	141,710	8.4
Planning & Design/Minor	151,640	8.9
Total	1,695,200	100.0

TABLE 3 shows the distribution of the appropriations request among major commands in the United States and overseas. Construction projects in the United States account for $956 million 56% of the budget request. Construction projects outside the United States total $587 million 35%. This year's request for planning and design and unspecified minor construction totals $152 million 9%.

TABLE 3 - PROPOSED FISCAL YEAR 1987
MILITARY CONSTRUCTION, ARMY, PROGRAM
COMMAND SUMMARY

COMMAND	COST ($000)	PERCENTAGE OF TOTAL
INSIDE THE UNITED STATES		
Forces Command	564,590	33.3
Training and Doctrine Command	141,820	8.4
Army Materiel Command	169,790	10.0
Western Command	14,900	0.9
Military District of Washington	3,800	0.2
US Military Academy	35,900	2.1
Other	7,400	0.4
Military Traffic Management Command	650	0.1
Information Systems Command	17,200	1.0
TOTAL	956,050	56.4
OUTSIDE THE UNITED STATES		
US Army, Europe	404,580	23.9
Eighth US Army, Korea	139,160	8.2
Strategic Defense Command	20,600	1.2
Forces Command	14,220	0.8
US Army, Japan	1,200	0.1
Intelligence and Security Command	7,750	0.5
TOTAL	587,510	34.7
OTHER		
Planning and Design	131,640	7.7
Unspecified Minor Construction	20,000	1.2
TOTAL	151,640	8.9
Total obligational authority requested:	1,695,200	100.0

Seen another way, fifty-four percent of this year's request is for support of new missions and current mission shortfalls not fully satisfied in prior years (TABLE 4). The need to provide facilities for new systems fielded over the last few years highlights this segment. In addition, thirty-eight percent of our request is for replacement and modernization of the Army's worldwide inventory of aging facilities. Even though MCA funding has increased over the past few years, the rate of increase has not been sufficient to overcome both the overaged, substandard facilities inventory and the additional costs to support the new systems, thus we have been unable to reduce the Army's backlog of construction. Our current backlog amounts to $26.8 billion -- a $1.0 billion increase over what I reported last year. In an attempt to significantly contain this backlog, current planning calls for maintaining military construction funding at increased levels over the next five years. The balance of the program (8%) is for planning and design.

TABLE 4
FY 1987 MCA BUDGET REQUEST

	PERCENT	(MILLION)
New Mission	42	713
Current Mission	12	212
Replacement/Modernization	38	638
Planning & Design	8	132
	100	1,695

PROGRAM HIGHLIGHTS

With the Committee's permission, I would like to talk about facilities strategy as it effects soldiers and their families - where they live and where they work. The issue before us is how best to provide quality living and working conditions within available resources to attract, train, equip and retain soldiers.

FACILITIES STRATEGY

The Military Construction, Army (MCA) program, which constitutes only 2.4 percent of the total budget request, is one of the principal means by which the Army pursues the goal of improving the living and working conditions of our soldiers and their families. Military construction funds finance the construction, rehabilitation or replacement of the facilities the soldiers need to live, train and maintain. Twenty percent of the fiscal year 1987 construction request will provide new or upgraded barracks for over 14,000 soldiers, along with dining and community facilities. Over thirty-five percent of the request provides for improved operations and training facilities such as ranges, instructional facilities, security upgrades and facilities for new divisions at Fort Drum and in Alaska. Twenty-five percent of the request provides for improved maintenance, supply and administration facilities. The remaining 20 percent of the request provides funds for research and development facilities, improved utility systems, land purchases, planning and design costs and minor construction. The payback of this investment account in terms of recruitment, retention, readiness and efficiency far exceeds its actual cost. Our construction program is more than a request; it is an obligation to our nation and our soldiers.

We cannot afford to fall behind these minimum goals. We have now recognized from our experience in the 1970's that time and operations consume our facilities capital and that these costs must be paid - now or later. Paying later has required significant growth in the military construction budget. We must now attempt to maintain this position so that we can pay as we go. With your permission I would like to briefly discuss the program from our soldier's point of view, that is - how the program affects where he or she lives, works and trains.

LIVING CONDITIONS

The Army's Quality of Life Program, intended to foster improved morale and individual readiness, continues to receive widespread support in this year's request with over 20 percent of the total construction request allocated to troop housing, and community facilities. Troop housing and related facilities comprise the largest category in our request at $267,060.00. A total of 4,185 unaccompanied enlisted and 364 unaccompanied officers quarters are to be provided in the U.S. and 8,938 unaccompanied enlisted and 250 unaccompanied officer quarters overseas.

The Army is moving ahead to meet its commitments to soldiers and their families with due consideration to budget constraints. The Morale, Welfare and recreation projects in the community facilities program exemplify the Army's commitment to fixing existing assests where it is cost effective to do so, fixing the worst hurts first, particularly in overseas and remote locations, creating standard design and refining designs to save construction costs. Six projects combine functions to reduce the square footage required, compared to what it would have been if two or more buildings were to be constructed. Space to be jointly used includes lobbies, hallways, restrooms, classrooms, mechanical rooms and parking.

We believe we are making progress and will continue to do so each year with the help of Congress.

Our request includes a mix of twenty-eight critically needed community facilities ($78.3 M), that the following display pertains.

	PROJECTS	
	Over $1.0M	Under $1.0M
Child Devel Ctrs (stand-alone)	7	7
Combination Projects		
Child Devel/Community	1	
Child Devel/Religious Ed	3	1
Physical Fit/Community	1	
Physical Fitness Training Ctrs	6	
Chapel/Religious Ed	1	
Chapel	1	
	20	8

Standard design used to the maximum extent possible.

	PROJECTS	
	Overseas	CONUS
Child Devel Ctrs	9	5
Combination Ctrs		
Child Devel/Religious Ed		1
Child Devel/Religious Ed		4
Physical Fitness/Community	1	
Physical Fitness Trg Ctrs	3	3
Chapel/Religious Ed	1	
Chapel		1
Total	14	14

Ten projects are in remote locations.
Three projects are alterations of existing structures.
Ten projects are replacements of deteriorated (mostly WWI) facilities.

WORKING AND TRAINING CONDITIONS

Our FY 1987 request emphasizes improving the working and training conditions of our soldiers. These two categories include $593,640,000 or 35.0 percent of the Army's request. At $304,470,000 our request for maintenance facilities is second only to our request for improvements to working and training conditions. The structure most frequently sought in the maintenance facility area is the tactical equipment shop. This structure provides the ability for each individual unit to maintain its equipment in a high state of readiness without penalizing the soldier by forcing equipment maintenance to be done exposed to the raw elements, dirt and mud or in unsafe and dilapidated facilites. Our request this year will provide 22 of these facilities and go a long way toward eliminating substandard working conditions and mission shortfalls. Thirty-two projects totaling $214,550,000 provide for upgrading of existing and construction of new training facilities and ranges. These projects will provide 7 ranges, six simulators, and 19 instructional facilities. Our request continues our effort to provide multi-purpose range complexes at each Division post and overseas as well as new facilities for training for urban operations. These complexes are necessary to effectively train units in intergration of modern weapon systems on the battlefield.

GEOGRAPHICAL DISTRIBUTION HIGHLIGHTS
UNITED STATES

Our budget request inside the United States this year provides $956 million in construction projects. The projects are located at installations in 30 states and the District of Columbia. Projects totaling more than $40 million in construction are located in each of the following states: Alabama, Maryland, Pennsylvania, Missouri, and New York. Fort Rucker, Alabama, Aberdeen Proving Ground, Maryland, Fort Leonard Wood, Missouri, New Cumberland Army Depot, Pennsylvania Fort Wainwright, Alaska and Fort Drum, New York, are scheduled for the largest installation level investments.

The largest single project in the United States is The 10th Mountain Division Facilities - Ph I at Fort Drum, New York. This project will provide construction of various permanent real property facilities to house, train, maintain, and support an Army Division of 10,380 soldiers to be stationed at this installation.

BASE STRUCTURES

The Army actively and continually seeks opportunities for economies and efficiencies in its base structure. Example of current and recent initiatives include:

- In accordance with House Report 99-275 and House Conference Report 99-380, a 100% review of overseas installations was made to assess their viability for retention and to determine if any could be studied for elimination. A report was submitted to the Congress in January, 1986.
- A separate, ongoing review of the entire base structure in the 50 States.
- Participation with the Office, Secretary of Defense in the nomination of installations to be studied for possible closure.

EUROPE

Our fiscal year 1987 program for the United States Army, Europe (USAREUR) totals $404,580,000. It is one of the largest major Army command programs, however, in relation to total requirements it is an auster program especially when considered in light of the deplorable conditions in which many of our soldiers live and work. Marked improvements have been made, thanks to the strong support of Congress and the Administration. This program will continue that momentum and provide additional substantial improvements. It represents a prudent balancing of requirement and responsible stewardship of constrained resources.

Emphasis in the program is on improving the soldiers' living conditions with over 25 percent of the request allocated to construction of barracks, dining, and community facilities. The barracks will provide 1,736 enlisted personnel and 66 officers in Germany, and 423 enlisted personnel officers in Turkey with modern living conditions.

We are not neglecting our committments to improve the readiness of our forces in Europe. In excess of 70 percent of the request is allocated to improving facilities associated with operations and training, maintenance, utilities, and supply. These new facilities will not only permit the deployment of new weapons, they will also substantially improve the conditions of the areas where the soldiers spend much of their working day.

WESTERN PACIFIC

The Army continues to support its commitment in the Western Pacific with a $139,160,000 fiscal year 1987 MCA request in support of the Eighth US Army in Korea and $1,200,000 for the US Army, Japan. The majority of the Korean request is allocated to replacing the deplorable facilities used by the 2d Infantry Division, which is deployed near the Demilitarized Zone (DMZ). The bulk of our combat soldiers and equipment are here but less than 50 percent of these soldiers are adequately housed. This request will provide housing for 4,772 enlisted and 453 officer personnel. Let me emphasize, that while our construction standards at these locations are austere, they are consistent with enhancing individual, unit, and equipment readiness within the realities of an unaccompanied overseas environment.

KWAJALEIN MISSILE RANGE

In the fiscal year 1987 MCA budget request, we have included $20.6 million for construction to support the Kwajalein Missile Range. The four projects include two to support test operations with a tracking facility and modification of the mission control center costing $2.4 and $5.1 million, respectively, and an unaccompanied officers' housing project for $11.0 million, and a harbor channel dredging project for 2.1 million, all are located on islands in the Kwajalein chain.

SPECIAL PROGRAM HIGHLIGHTS

ARMY ENVIRONMENTAL AND ENERGY PROGRAM

The fiscal year 1987 budget request for pollution abatement projects continues the Army program to bring our installations into compliance with water and solid waste regulatory requirements. In this year's program, there are three pollution abatement projects in the U.S. totaling $9.6 million; CONUS projects are located at Badger AAP, Wisconsin, Fort Carson, Colorado and Fort Sam Houston, Texas. We have one project located at Baumholder, Germany. This years Energy Conservation Investment Program includes one project at Aberdeen Proving Ground, Maryland totaling $.750 thousand. The project will consist of 26,675 linear feet of piping to recover the existing condensate, which is presently discharged on grade or into the storm sewers, and reuse it to preheat boiler feedwater. Implementation of this project will result in an annual energy cost avoidance of $115.5 thousand.

AREA ORIENTED DEPOT (AOD) MODERNIZATION

The Area Oriented Depot (AOD) modernization program will provide the Army wholesale supply system with state-of-the-art facilities capable of sustaining a high level of support to the modern Army well into the next century; during peace and mobilization. The AOD's at Sharpe Army Depot, California, New Cumberland Army Depot, Pennsylvania, and Red River Army Depot, Texas, process 92 percent of all of the Army's materiel release orders, primarily repair parts.

Our FY 1985 program appropriation provided $49 million for the first Distribution Center facility at Sharpe Army Depot and $7.8 million for the land acquisition and site preparation required for the second Center at New Cumberland Army Depot, Pennsylvania. The FY 1986 appropriation provided $15.0 million of the $88.0 million required for the construction of the Distribution Center facility at New Cumberland Army Depot. The FY 87 program request contains $52.0 million for the continuation of construction with the remaining $21 million to be requested in the FY 1988 program. The FY 1987 program does not include the Distribution Center at Red River Army Depot as the Army is studying Third Party options.

LIGHT INFANTRY DIVISION

As part of the Army's overall program to modernize its forces, five light infantry divisions will be formed. The five divisions are being formed by converting two active component divisions (at Fort Ord, California, and in Hawaii); forming two new active component divisions (at Fort Drum, New York, and in Alaska); and, forming one new Army National Guard division (at Fort Belvoir, Virginia). The converting divisions will involve minimal construction requirements. The 6th Infantry Division has been activated in Alaska using the existing 197th Infantry Brigade as a nucleus and will be split between Forts Wainwright and Richardson.

The 10th Mountain Division has been activated at Fort Drum, New York. Significant progress has been made in the past year towards achieving the Army goal of quality facilities, in the shortest time, at the least cost to the government. A major construction effort is now underway to provide housing for families, support facilities and utilities. The Army proposal of full authorization and advance appropriations will continue this initiative by the most efficient contracting and construction methods available. This proposal will permit economies of scale and construction efficiencies that will result in modern facilities, consistent with unit activation requirements, and at significant savings to the government.

CONGRESSIONAL CONCERNS

During hearings on the fiscal year 1986 MCA request, the Congress voiced concerns on which I would now like to report.

The committee again expressed their desire to see Packaging of Projects, both by location and by type of facility. In response to your direction, the Army has selected the Darmstadt community in Germany for consolidating projects into a single construction contract overseas for FY 86. Seven projects are included in the package totalling approximately $26 million. In CONUS, we have packaged, by type of facilities, two tactical equipment shops at Fort Stewart/Hunter AAF, two child development centers at Fort Knox, and three child development centers at Fort Lewis. In preparation for the FY 87 budget submission we have combined similar type facilities for construction contract award at nine locations. With regard to Alternative Construction Methods; three projects have been identified in the FY 87 budget request to be executed using one-step turnkey procedures and one project will utilize architectural fabric technology.

Regarding your concerns and changes in financial management procedures; we are still evaluating these intiatives and their impact on program execution. We will work closely with you regarding any necessary changes as we gain more experience with the new system.

SUMMARY

Mr. Chairman, in summary, the fiscal year 1987 Military Construction, Army, budget request for appropriation of $1,695,200,000 reflects the needs of the service and supports the programs presented by the Secretary of the Army and the Chief of Staff. Emphasis of the program is focused on readiness of our troops; quality of life of our servicemembers through improvement in housing, family and fitness centers,and training and maintenance facilities; and ridding the inventory, in an orderly manner, of deteriorated World War II temporary buildings. Approval of this request will continue the efforts of the Army, and the Congress, to provide modernized facilities enabling us to attract and retain quality soldiers and maintain operational readiness and fighting ability.

Sir, this concludes my statement. I would be pleased to answer any questions or arrange for answers to be inserted in the record.

FY 87 ARMY FAMILY HOUSING PROGRAM

The provision of adequate housing conditions is one of our highest peacetime priorities. The fiscal year 1987 budget requests reflect the Army's commitment to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship.

ARMY FAMILY HOUSING (AFH) OVERVIEW

The fiscal year 1987 AFH budget includes a request (TABLE I) for $1,740,646,000 in new appropriation.

TABLE I - PROPOSED FISCAL YEAR 1987
ARMY FAMILY HOUSING PROGRAM
AUTHORIZATION AND APPROPRIATION SUMMARY

FACILITY CATEGORY	APPROPRIATION ($000)
New Construction	293,380
Improvements	146,000*
Planning and Design	24,000
Operations	238,870
Utilities	268,596
Maintenance	587,852
Leasing	173,885
Debt Interest	417
Debt Principal	7,646
TOTAL	1,740,646

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* Does not include Energy Conservation Investment Program Authorization request of $15,671,000.

HOUSING PROGRAM ACCOUNTS

TABLE II summarizes the budget changes (increases and decreases) for the Army's Family Housing budget request. Two hundred ninety-three million dollars or seventeen percent is designated to meet the new construction requirements. Another one hundred and forty-six million dollars or eight percent will fund improvements to our aging housing inventory. Twenty-four million dollars, one percent, will provide resources to provide for planning and design of future construction projects. The remaining portion of the budget request of $1,277,646 is designated to provide for the overall operations, utilities, maintenance, leasing, and debt reduction accounts. Sixty-three percent of the request will cover the costs of operating ($238,870,000), utilities ($268,596,000), and maintaining ($587,852,000), our current inventory. This includes reducing the backlog of deferred maintenance and repair by approximately eighteen million dollars. The leasing program accounts for one hundred and seventy-four million dollars or ten percent of the program. The balance of the funds requested, over eight million dollars or less than one percent (.4%), provides for remaining indebtedness for Capehart and Wherry housing and servicemen's mortgage insurance premiums paid under the debt reduction account, which includes both debt payment and debt principal.

TABLE II - ARMY FAMILY HOUSING
FISCAL YEAR 1987 BUDGET SUMMARY

BUDGET SUMMARY CHANGES

FACILITY CATEGORY	PERCENT INCREASE/DECREASE FY 87 OVER FY 86	PERCENT OF TOTAL APPROPRIATION
New Construction	+102.3	16.9
Post Acquisition	+ 43.1	8.4
Planning & Design	+ 60.0	1.4
Operations	+ 11.9	13.7
Utilities	- 4.1	15.4
Maintenance	+ 5.0	33.8
Leasing	+ 53.1	10.0
Debt Interest	- 50.8	.0
Debt Principal	- 49.2	.4
		100.0

NEW CONSTRUCTION

Army policy directs that the first source for providing family housing will be the civilian community. The concept of the Variable Housing Allowance (VHA) supports this policy. The Army's execution of the two test programs approved under Sections 801 and 802 of Public Law 98-115 also fully supports this policy. However, at overseas communities and certain United States locations where installations are so remote or population impacted to preclude such support, it is imperative that the Army take positive steps to provide adequate housing for our military families. New construction is programed only when these conditions exist and it is the more economical alternative.

TABLE III shows the fiscal year 1987 projects for family housing construction. The Army request is primarily for critically needed dwelling units in the United States to fulfill the stationing requirements for the 6th and 10th Mountain Division (Light Infantry) and to provide necessary family housing units for Fort Ord. Overseas construction is provided in the Federal Republic of Germany in support of our forward deployed forces. The request also provides for the conversion of 204 attic units to obtain 120 new dwelling units and upgrade 84 existing temporary units to adequacy standards at various locations in the Federal Republic of Germany.

TABLE III - ARMY FAMILY HOUSING NEW CONSTRUCTION

FISCAL YEAR 1987 BUDGET REQUEST

LOCATION	NUMBER OF UNITS	REQUEST FOR APPROPRIATION
New Family Housing Construction		
Aberdeen Proving Ground, Md.	140	9,700
Fort Drum, NY	1,200	91,000
Kwajalein, Marshall Islands	136	23,000
Fort Ord, CA	385	34,000
Fort Polk, LA	583	37,000
Seneca Army Depot, NY	30	2,900
Fort Wainwright, AK	150	33,000
Crailsheim, FRG	40	4,100
Darmstadt, FRG	40	3,150
Erlangen, FRG	106	9,400
Herzo Base, FRG	34	3,300
Mainz, FRG	20	1,850
Schweinfurt, FRG	90	8,400
Vilseck, FRG	224	21,000
Wildflecken, FRG	24	2,050
Livorno, IT	90	7,700
Subtotal	3,292	291,550
Mobile Homes Spaces		
LOCATION	NUMBER OF UNITS	REQUEST FOR APPROPRIATION
Aberdeen Proving Ground, MD	70	1,100
Fort Irwin, CA	38	730
Subtotal	108	1,830
Attic Conversions to Family Housing		
Various Locations, FRG	120	0*
TOTAL	3,520	293,380

*Funded in the construction improvements account

POST ACQUISITION CONSTRUCTION

Post acquisition construction consists of whole house renewals, improvements to the current inventory to bring them up to contemporary standards and energy conservation investment projects to improve the energy efficiency of our existing inventory. Due to the aging of our inventory, these areas require continued emphasis and will provide long lasting benefits to our soldiers and their families.

The fiscal year 1987 improvement program will provide improvements to approximately 17,576 units at 48 locations worldwide. Included in these numbers will be whole house renewal for 2,641 units and smaller selected improvements to some 3,202 units worldwide. Fiscal year 1987 funding for correction of substandard housing conditions will result in the conversion of 1,359 substandard housing units into 1,124 adequate units.

The Army Family Housing Energy Conservation Investment Program (ECIP) continues to receive emphasis. The fiscal year 1987 budget requests authorization for fifteen million and six hundred seventy one thousand dollars to improve energy efficiency in 10,521 units.

OPERATION AND MAINTENANCE

The operation and maintenance program comprises the majority of this year's budget request. In funding this program we first insured that the cost of ownership was fully funded. Cost of ownership is defined as those annual expenditures necessary to operate and maintain the existing family housing inventory and provide careful stewardship of the family housing inventory. Cost of ownership does not include that work which was deferred in prior years due to insufficient funding. We have funded new initiatives which support our mission to provide adequate housing for our military families.

The total operation, utility, and maintenance program for fiscal year 1987 has only increased 4.0 percent over the fiscal year 1986 program. The maintenance account has increased 5.0 percent over fiscal year 1986 and the operation and utility accounts have increased 2.8 percent. This program growth is necessary to continue our efforts to fix our aging, deteriorating inventory. The fiscal year 1987 operation and maintenance program will fund the continued installation, operation and maintenance of an Army-wide computer system, Housing Operations Management System (HOMES), designed to improve all phases of housing management. Due to increased management emphasis and the impact of previously approved energy conservation projects, fiscal year 1987 should show a reduction in utility consumption. A continuing objective of the operation and maintenance program is the improvement of living conditions for military families throughout the world by accomplishing the annual maintenance and repair of our worldwide inventory and by reducing the level of the deferred maintenance and repair backlog. To this end, funds are being requested for a maintenance and repair program, which will provide a strong, well-balanced fiscal year 1987 worldwide maintenance and repair program.

DEFERRED MAINTENANCE

Deferred maintenance is that maintenance and repair work scheduled for accomplishment in the prior fiscal year annual work plan, but could not be accomplished due to insufficient funding. Although our backlog of deferred maintenance is decreased from the fiscal year 1986 level, it still is too large to assure our quarters are adequately protected and our soldiers properly housed. Funding in fiscal year 1986 was insufficient to reduce the deferred maintenance and allowed a slight growth in overall backlog. Fiscal year 1987 program provides for an eighteen million dollar reduction. Continued support for reducing the deferred maintenance is essential if we are to provide soldiers and their families properly maintained housing.

LEASING

Another means of adequately housing our military families is the leasing program. Our program includes domestic leases, Section 801 leases, Section 802 rental guarantee housing, and foreign leases. The domestic leasing program for fiscal year 1987 requests authorization for 825 units and appropriations for four million three hundred ten thousand dollars. The Section 801 program authorization request is for 6,600 units and an appropriation of twenty-six million nine hundred thirty-six thousand dollars. The Section 802 program only requests authorization for 1,200 units.

In the foreign leasing area we are requesting authorization for 22,581 units and an appropriation of one hundred forty-two million six hundred thirty-nine thousand dollars.

Our total leasing program authorization request is for 31,206 units to satisfy requirements in the United States, Europe, Korea, and Panama.

SUMMARY

Mr. Chairman, in summary, I would like to emphasize that the Army's fiscal year 1987 Family Housing budget request reflects the needs of the service and supports the programs presented by the Secretary of the Army and the Chief of Staff. The request emphasizes readiness, the Army's efforts to improve our soldier's quality of life and wise, careful stewardship in the protection of our existing inventory. It includes those projects of highest priority which are consistent with fiscal realities. Approval of the request will enhance the Army's ability to enlist and retain quality soldiers and support the improvement of the Army's operational readiness and war fighting ability.

Sir, this concludes my statement. I would be pleased to answer any questions or arrange for answers to be inserted in the record.

MAJOR GENERAL ROBERT JOSEPH DACEY

Major General Robert Joseph Dacey was born 15 May 1935 at Watertown, New York. General Dacey is currently serving as the Assistant Chief of Engineers in The Office of the Chief of Engineers.

Prior to this assignment, he served as Commander and Division Engineer of the Corps' Southwestern Division in Dallas, Texas.

General Dacey is a 1958 graduate of Norwich University, Northfield, Vermont, with a bachelor's degree in business administration. He received a bachelor's degree in civil engineering from the University of Missouri in 1964, and a master's degree in procurement and contract management from George Washington University in 1972. He is also a graduate of the Army Command and General Staff College and the Army War College.

He has held numerous responsible command and staff assignments, both in the United States and overseas. These major assignments include serving as Deputy Chief of Staff, Engineer, U. S. Army Forces Command at Fort McPherson, Georgia; District Commander, St. Louis District, U. S. Army Corps of Engineers; Chief of Plans Division, Office of the Deputy Chief of Staff, Operations and Plans, Headquarters, U. S. Army Europe and 7th Army, Heidelberg, Germany; Chief of Management Division, Office of the Chief of Staff, U. S. Army, Europe and 7th Army; Staff Officer, Office of the Assistant to the Army Chief of Staff for Forces Development, Washington, D. C.; Executive Assistant, Office of the Chief of Engineers, Washington, D. C.; Construction Officer, 18th Engineer Brigade, Vietnam; Resident Engineer, St. Louis District, U. S. Army Corps of Engineers; and Construction Officer, 2nd Engineer Group, Korea.

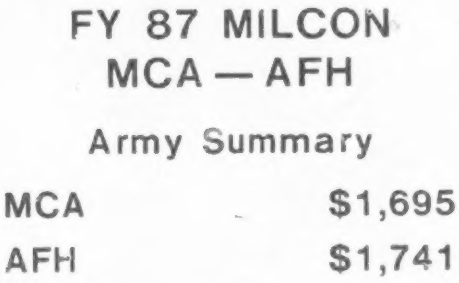
General Dacey was assigned to the Chief of Engineers with duty as the Assistant Chief of Engineers, September 1985.

SLIDE PRESENTATION

Major General DACEY. Thank you very much, Mr. Chairman.

I do have some slides that I would like to use with my presentation of the Army's fiscal year 1987 Milcon and Family Housing requests.

I am Major General Robert Dacey, Assistant Chief of Engineers, and am most pleased to appear before you and the committee today. With me is Mr. Al Carton, my Deputy Assistant Chief of Engineers; and Brigadier General John Greenway from the Deputy Chief of Staff for Operations and Plans.



FY 87 MILCON
MCA — AFH

Army Summary

MCA	**$1,695**
AFH	**$1,741**

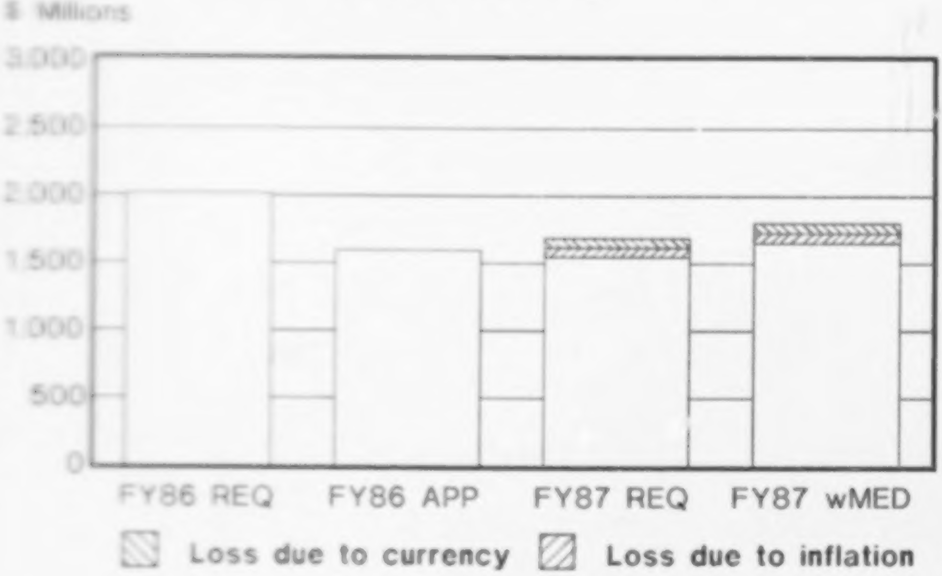
SLIDE 1

MILCON AND FAMILY HOUSING BUDGET

As shown on this slide, sir, and as you mentioned earlier, our request is for $1.7 billion for military construction in fiscal year 1987, and approximately $1.7 billion for family housing.

MCA APPROPRIATION COMPARISON

FY 86 TO FY 87

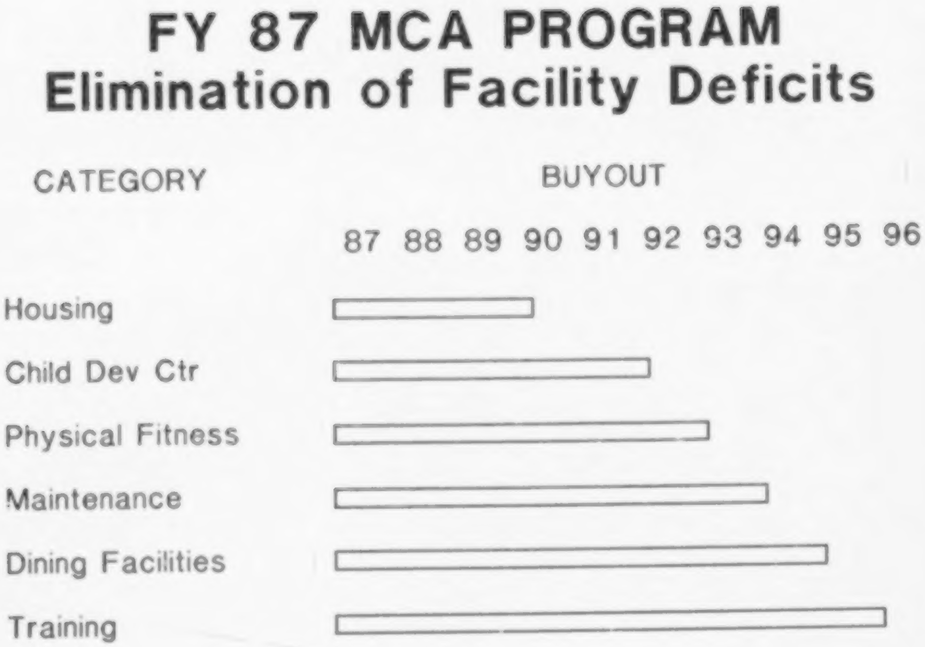


SLIDE 2

REDUCED REQUEST FOR FISCAL 1987 BUDGET

The slide on the left is the fiscal year 1986 appropriation request. Actual appropriation of $1.603 billion is shown on the second bar. As you see sir, our request this year is substantially below the request we made to the Congress last year.

When you look at what is happening to the value of the dollar in both Japan and Germany, our program is $70 million less in buying power because of the revaluation, and an additional $70 million loss due to inflation. Our actual spending power to support our soldiers and their families in fiscal year 1987 is less than what was appropriated by the Congress last year.



FY 87 MCA PROGRAM
Elimination of Facility Deficits

SLIDE 3

FACILITY DEFICITS

Senator MATTINGLY. You do understand it depends upon which side of the ocean that is an advantage to?

Major General DACEY. Yes, sir.

Senator MATTINGLY. I am just kidding.

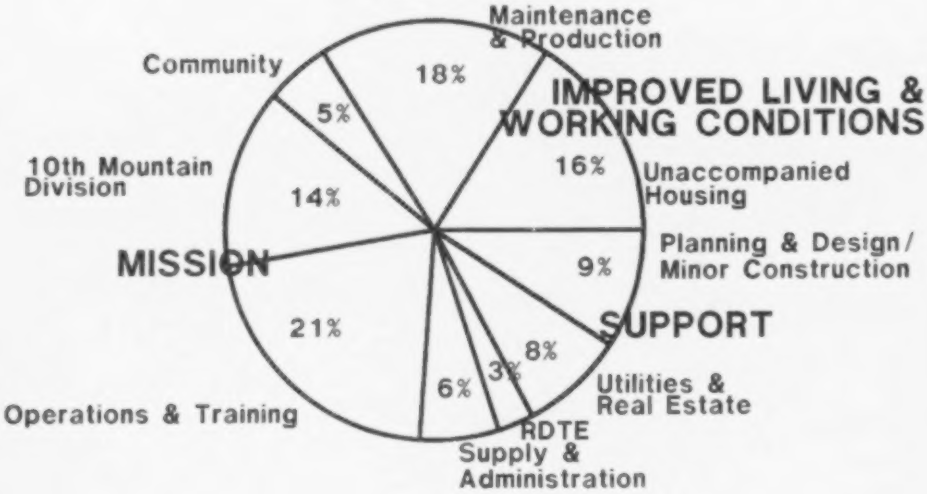
Major General DACEY. We presented to you last year by category what was required to buy out the deficit in military facilities on this schedule.

In taking reductions on our 1986 program, we will have to adjust these.

[Slide 4 deleted.]

FY 87 MCA Appropriation Categories of Facilities

$1,695 M



SLIDE 5

APPROPRIATIONS REQUEST

Our goal is still to do our best to provide the required facilities for our soldiers and their families with your support. Here we have the appropriations request by type, mission, improved living and working conditions, and support facilities.

PROGRAMMED DOLLARS

As you had told us before, sir, you wanted to have improved working and living conditions for our soldiers, and this chart shows that is where the majority of our dollars are programmed. We are trying to accomplish what you asked us to do.

HOUSING

Mission—House the Soldier Properly

Approved	FY 83	9,226 Spaces
	FY 84	9,816 Spaces
	FY 85	14,954 Spaces
	FY 86	18,212 Spaces
Requested	FY 87	16,865 Spaces

SLIDE 6

FY 87 MCA Program
HOUSING

16% of Program

U.S.	$122 M
Europe	55
Pacific	90
Total	$267 M

SLIDE 7

HOUSING

In housing our soldiers, sir, the request this year will provide rooms or spaces for an additional 16,865 soldiers at a cost of $267 million.

SLIDE 8

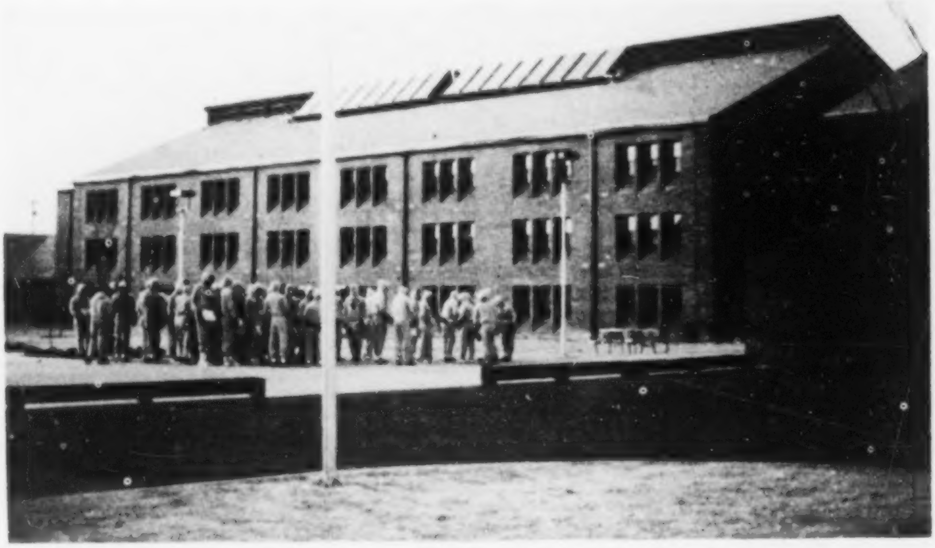
FACILITIES REPLACEMENT

The type of facilities we are trying to replace is like this type of quonset hut in Korea. It will be replaced in this year's program.

SLIDE 9

DINING FACILITIES AT FORT ORD

We have been able, with the support of the Congress, to provide facilities such as this new and modernized dining facility at Fort Ord, California,



SLIDE 10

FORT BRAGG, NORTH CAROLINA

and this barracks project at Fort Bragg, North Carolina.

SLIDE 11

It is easy for us to remember that this is the soldier we are trying to take care of and provide better facilities for.

MAINTENANCE

Mission—Provide Adequate Working Conditions

Approved	FY 83	32
	FY 84	36
	FY 85	35
	FY 86	46
Requested	FY 87	37

SLIDE 12

FY 87 MCA Program
MAINTENANCE

18% of Program

U.S.	$127 M
Europe	147
Pacific	30
Total	$304 M

SLIDE 13

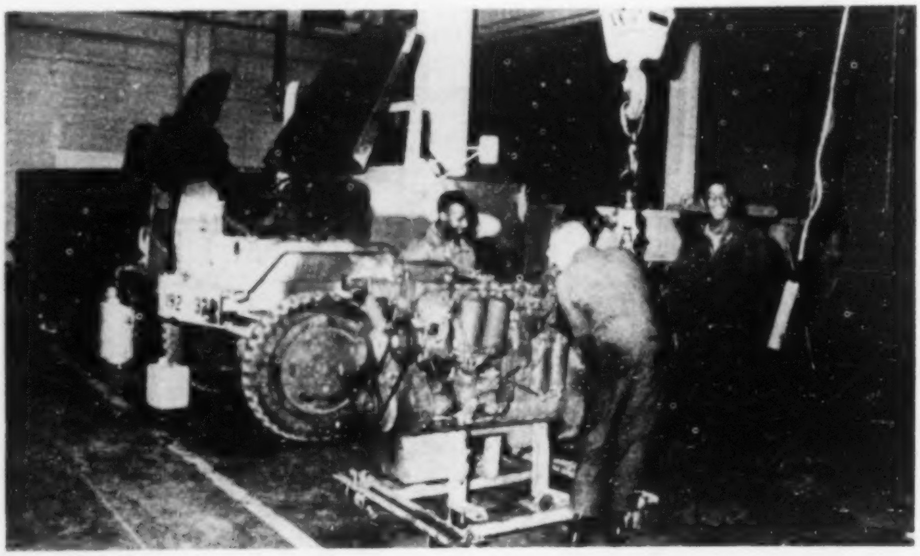
MAINTENANCE FACILITIES

The area of maintenance, with the funds requested in the 1987 program, will continue our renewal of our maintenance facilities and provide 37 additional facilities.

SLIDE 14

CAMP GREAVES, KOREA

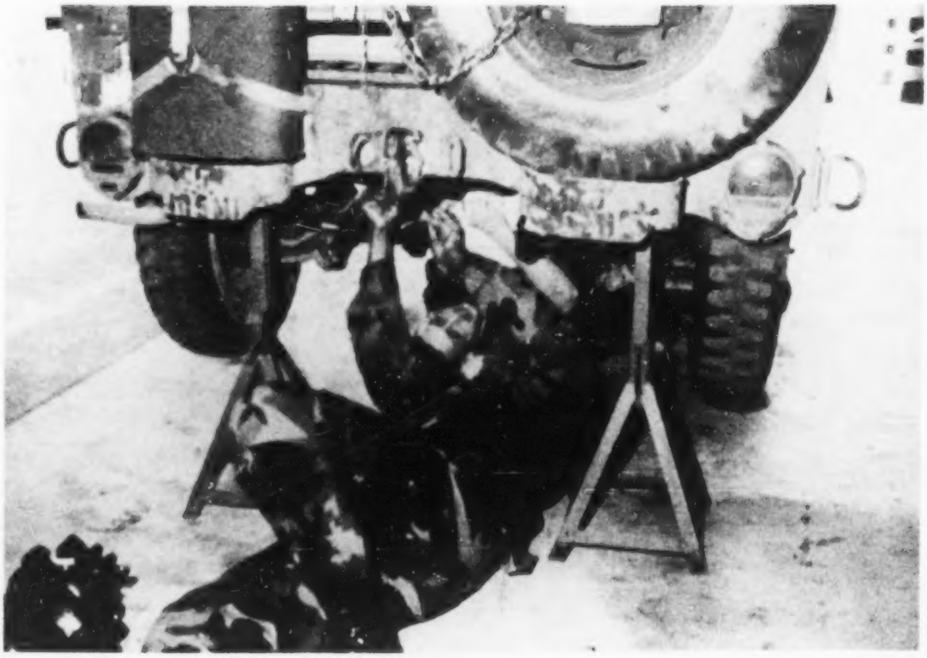
We are trying to replace facilities such as this maintenance tent at Camp Greaves in Korea where they are doing their maintenance out in essentially an open field.



SLIDE 15

FORT CAMPBELL, KENTUCKY

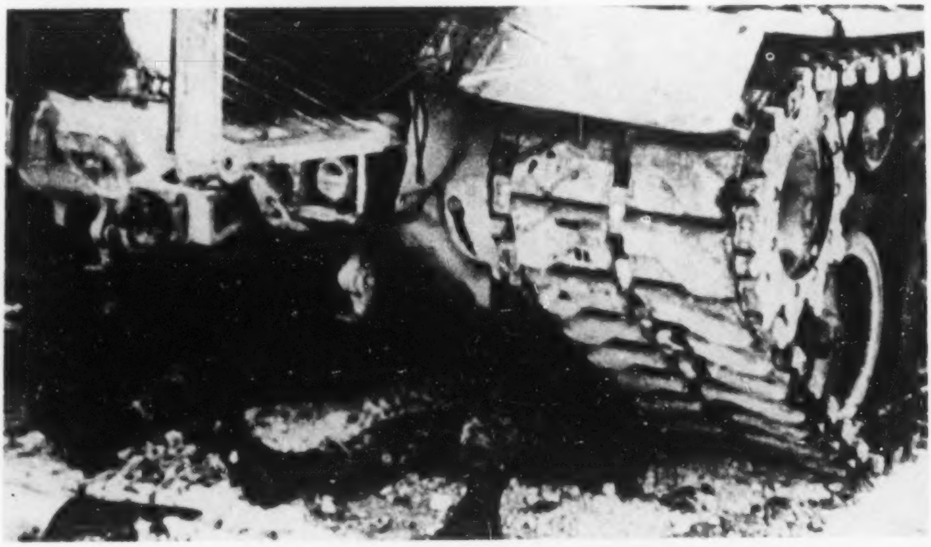
The Congress has provided new facilities such as this new facility at Fort Campbell, Kentucky.



SLIDE 16

INDOOR WORK AREAS

These soldiers, still do our work from the ground up but at least they are warm and dry as they do their work as opposed to



SLIDE 17

CAMP CASEY, KOREA

these soldiers at Camp Casey in Korea who are maintaining their equipment in the open.

SLIDE 18 -

ASCHAFFENBURG, GERMANY

No Army briefing would be complete without the traditional mud slide. So here is our candidate of the year, a motor pool in Aschaffenburg in Germany.

TRAINING

Mission—Train the Soldier

		Ranges	Simulators	Instruct
Approved	FY 83	10	2	16
	FY 84	14	3	21
	FY 85	21	3	10
	FY 86	21	7	15
Requested	FY 87	9	6	17

SLIDE 19

FY 87 MCA Program
MAINTENANCE

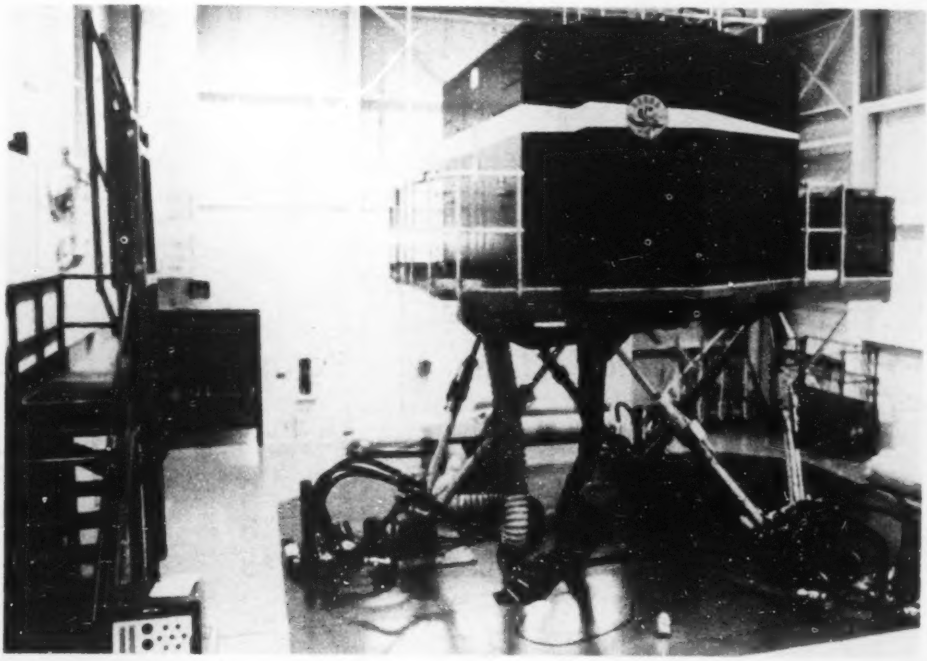
13% of Program

U.S.	$183 M
Europe	24
Pacific	7
Total	$214 M

SLIDE 20

TRAINING

For training we are requesting your support in constructing nine new ranges, six simulator facilities, and seventeen instructional facilities for the Army at a total cost of $214 million.



SLIDE 21

FORT CAMPBELL, KENTUCKY

This flight simulator at Fort Campbell, Kentucky, is the type of facility that we can use to ensure that we are going to have the very best training for our aviators.

Slide 22

REDSTONE ARSENAL, ALABAMA

This training lab at Redstone Arsenal, Alabama, is used for training soldiers in the use of diagnostic equipment that they must use to maintain very complicated equipment we put in their hands today.

SLIDE 23

FORT LEE, VIRGINIA

We are trying to replace this type of overcrowded condition that exists at Fort Lee, Virginia, where students are essentially trained in a hallway.

SUPPLY

Mission—Provide Adequate Working Conditions Safeguard Materials and Equipment

		Ammunition	Warehouse
Approved	FY 83	4	1
	FY 84	4	3
	FY 85	13	6
	FY 86	19	9
Requested	FY 87	5	9

SLIDE 24

FY 87 MCA Program
SUPPLY

5% of Program

U.S.	$54 M
Europe	7
Pacific	13
Other	9
Total	$83

SLIDE 25

SUPPLY AREA

In the supply area we are requesting funds for five additional ammunition storage facilities, and for nine warehouses at a cost of $83 million.

SLIDE 26

FORT IRWIN, CALIFORNIA

We wanted to get away from situations such as this at Fort Irwin, California, where we are storing things in old boxcars and in the open.

SLIDE 27

CAMP ZAMA, JAPAN

With your support, we have provided this new ammunition storage facility at Camp Zama in Japan.

SLIDE 28

WAEGWAN, KOREA

This is another new POL storage facility in Waegwan, Korea.

SLIDE 29

CAMP CASTLE, KOREA

We still have a long way to go to handle flammable material storage such as here at Camp Castle in Korea.

SUPPLY

Mission—Provide Adequate Working Conditions Safeguard Materials and Equipment

		Physical Fitness	Child Care
Approved	FY 83	5	1
	FY 84	21	4
	FY 85	15	6
	FY 86	5	19
Requested	FY 87	7	19

SLIDE 30

FY 87 MCA Program
FITNESS & FAMILY CARE

5% of Program

U.S.	$41 M
Europe	38
Pacific	4
Total	$83 M

SLIDE 31

FITNESS AND FAMILY CARE

In the area of fitness and family care, we are requesting your support for seven additional physical fitness centers and nine child development centers in this year's budget at a cost of $83 million. Here we see an expression of interest.

SLIDE 32

SCHWEINFURT, GERMANY

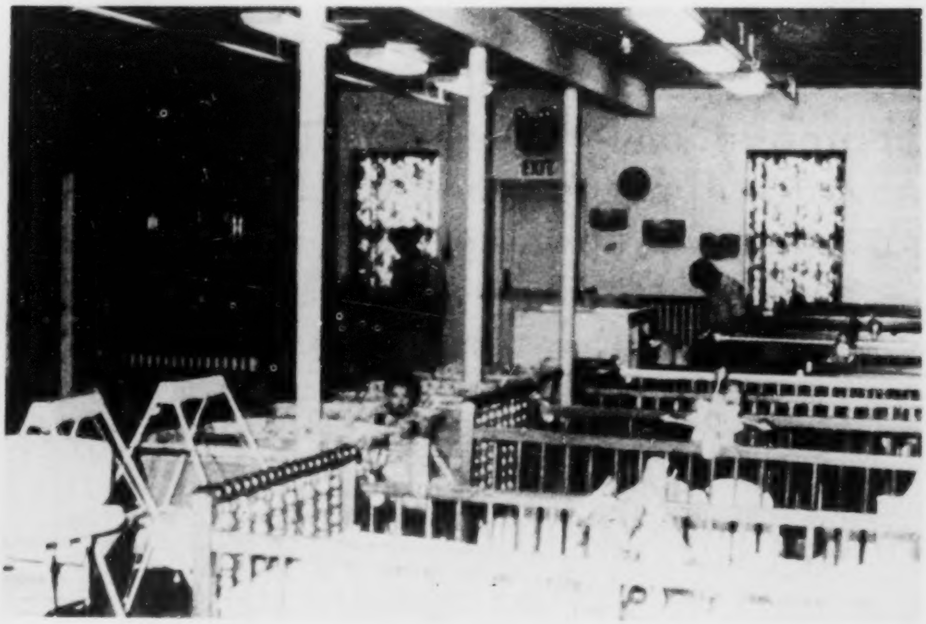
The children at Schweinfurt, Germany, are hoping that their new child development center will soon be there.

COOKING CENTER
ART & CRAFT CENTER

SLIDE 33

FORT BRAGG, NORTH CAROLINA

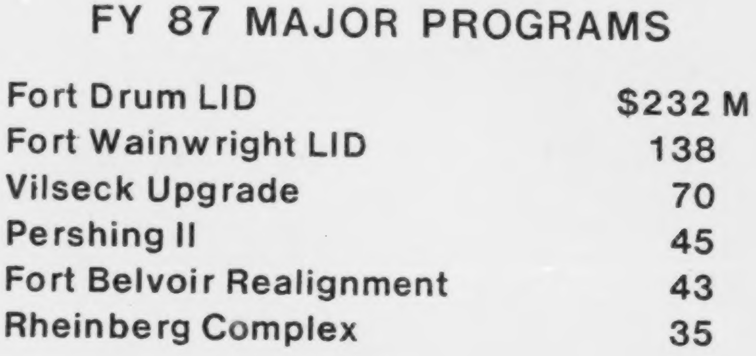
The child development center at Fort Bragg, North Carolina, which is a new and modern facility.



SLIDE 34

FORT RILEY, KANSAS

And then as you can see this overcrowded temporary facility at Fort Riley, Kansas.



FY 87 MAJOR PROGRAMS

Fort Drum LID	$232 M
Fort Wainwright LID	138
Vilseck Upgrade	70
Pershing II	45
Fort Belvoir Realignment	43
Rheinberg Complex	35

SLIDE 35

LIGHT INFANTRY DIVISIONS

The next slide shows major elements of our program, sir, which include the two light infantry divisions, one at Fort Drum which I will speak to more extensively in a moment and the other is the Sixth Light

Infantry Division at Fort Wainwright in Alaska. The upgrade of facilities at Vilseck to accommodate the deployment of the AH–64 battalions, the Pershing II upgrade and security, the Fort Belvoir realignment, and the Rhineberg complex.

MCA SUMMARY

Appropriation Request—FY87	$1,695 M
Advance Appropriations—FY 88	221 M
Advance Appropriations—FY 89	162 M

SLIDE 36

ADVANCED APPROPRIATIONS

In addition, sir, and I will go into this in a moment, our appropriation request is $1.695 billion for fiscal year 1987, but we are asking the committee's indulgence and support for an advanced appropriation in fiscal year 1988 and fiscal year 1989 of $221 million and $162 million respectively. I will explain the rationale for this request in a moment.

FORT DRUM

PROGRAM OBJECTIVES

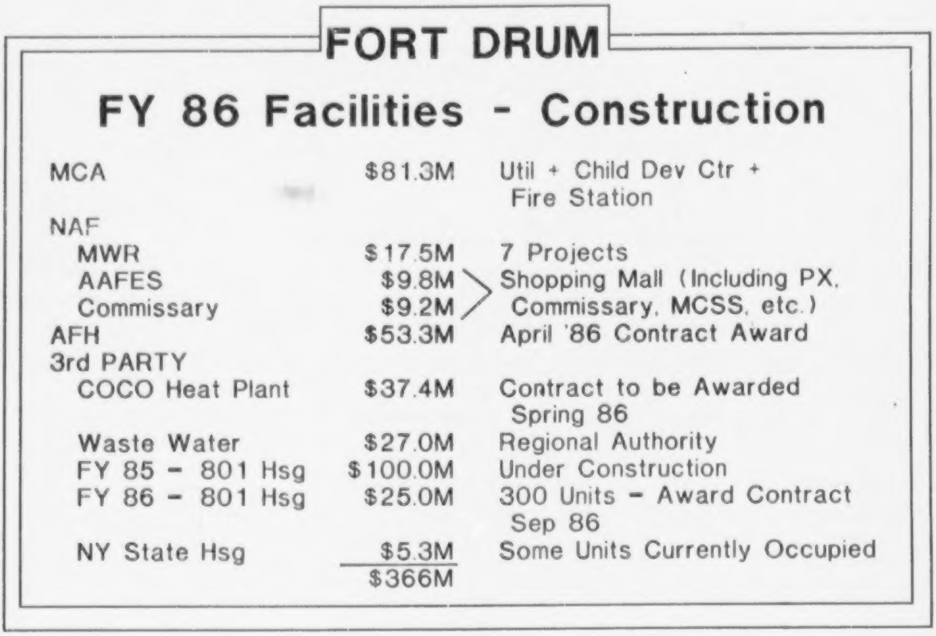
- Quality Facilities
- Shortest Time
- Least Cost to Government

SLIDE 37

FORT DRUM, NEW YORK

Sir, this is a sign at Fort Drum, New York, at the entrance to the new home of the Tenth Mountain Division that was activated last year.

The Army's objective at Fort Drum is to provide quality facilities for our people in the shortest possible time at the least cost to the Government.



FORT DRUM

FY 86 Facilities - Construction

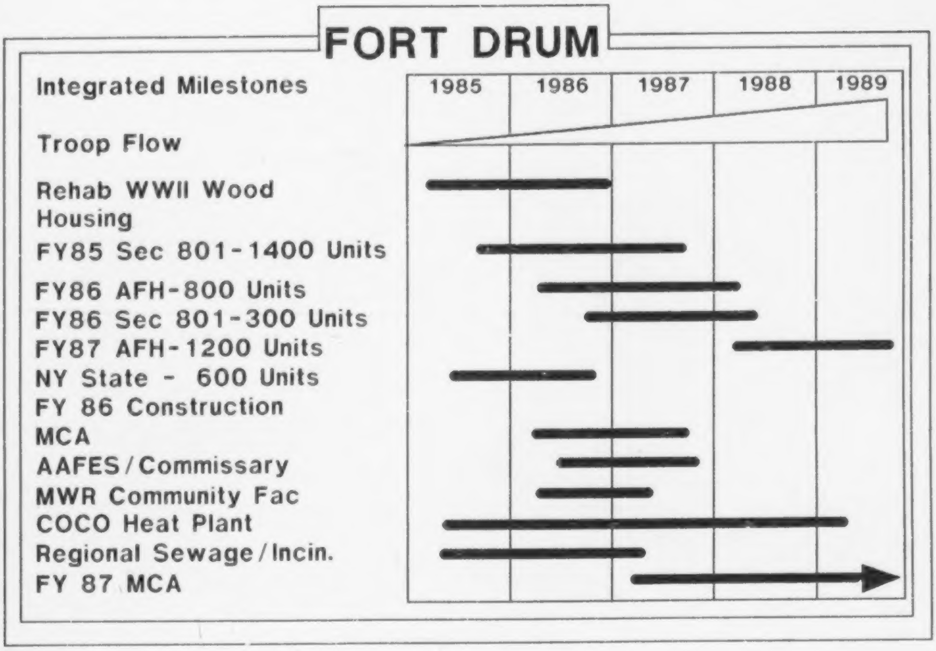
MCA	$81.3M	Util + Child Dev Ctr + Fire Station
NAF		
MWR	$17.5M	7 Projects
AAFES	$9.8M	Shopping Mall (Including PX, Commissary, MCSS, etc.)
Commissary	$9.2M	
AFH	$53.3M	April '86 Contract Award
3rd PARTY		
COCO Heat Plant	$37.4M	Contract to be Awarded Spring 86
Waste Water	$27.0M	Regional Authority
FY 85 - 801 Hsg	$100.0M	Under Construction
FY 86 - 801 Hsg	$25.0M	300 Units - Award Contract Sep 86
NY State Hsg	$5.3M	Some Units Currently Occupied
	$366M	

SLIDE 38

FACILITIES CONSTRUCTION

The facilities construction that is ongoing at Fort Drum during this fiscal year is as shown on this slide. We are using not only military construction funds, appropriated by Congress, but nonappropriated funds, Army family housing dollars, third-party initiatives such as a contractor-owned contractor-operated heating plant, and then facilities authorized by the Congress under the 801 Housing Program to provide housing for our people. New York State has also contributed.

So as you can see, sir, we are going to have underway at Fort Drum, this year, $366 million worth of construction.



FORT DRUM

Integrated Milestones

1985 1986 1987 1988 1989

Troop Flow

Rehab WWII Wood Housing

FY85 Sec 801-1400 Units

FY86 AFH-800 Units

FY86 Sec 801-300 Units

FY87 AFH-1200 Units

NY State - 600 Units

FY 86 Construction

MCA

AAFES/Commissary

MWR Community Fac

COCO Heat Plant

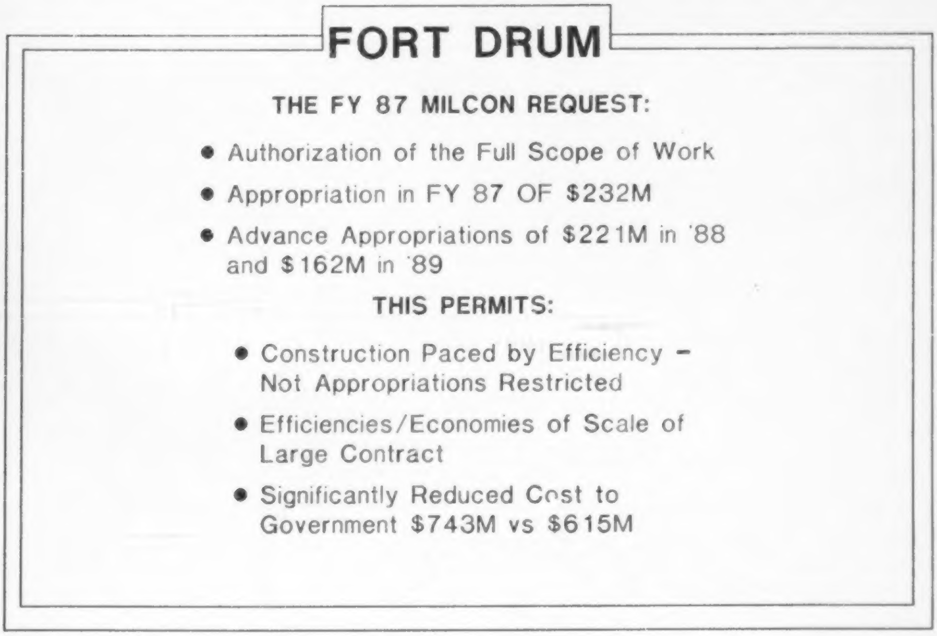
Regional Sewage/Incin.

FY 87 MCA

SLIDE 39

TROOP FACILITIES

This very busy slide is just to show that the troop flow shown at the top is tied to the completion of the facilities to accommodate the soldiers and their families as they arrive at the post.



FORT DRUM

THE FY 87 MILCON REQUEST:

- Authorization of the Full Scope of Work
- Appropriation in FY 87 OF $232M
- Advance Appropriations of $221M in '88 and $162M in '89

THIS PERMITS:

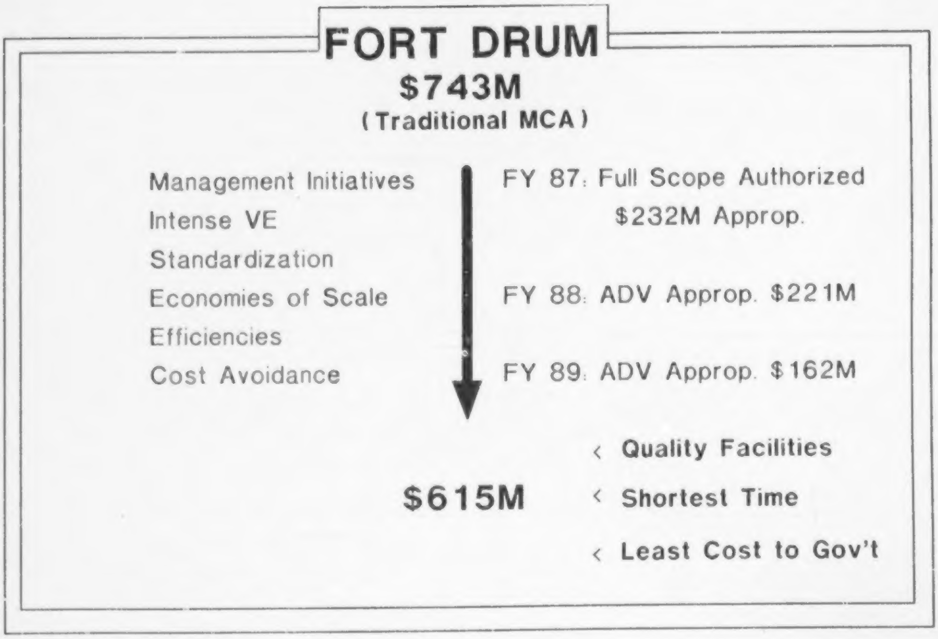
- Construction Paced by Efficiency – Not Appropriations Restricted
- Efficiencies/Economies of Scale of Large Contract
- Significantly Reduced Cost to Government $743M vs $615M

SLIDE 40

EFFICIENCY IN PROVIDING FACILITIES

I mentioned that we were asking for an advanced appropriation in fiscal year 1988 and fiscal year 1989. We looked for a procedure that would help us in some way to reduce the costs of providing the facilities at Fort Drum. We worked with industry, not just the construction industry but the financing industry and the bonding industry, and learned more about the way they do business and what things would make a package more attractive to them to reduce the risk and consequently reduce the cost.

This would permit us to have construction paced by efficiency rather than the traditional way in which we have conducted our business.



FORT DRUM

$743M

(Traditional MCA)

Management Initiatives
Intense VE
Standardization
Economies of Scale
Efficiencies
Cost Avoidance

FY 87: Full Scope Authorized
$232M Approp.

FY 88: ADV Approp. $221M

FY 89: ADV Approp. $162M

$615M

< Quality Facilities
< Shortest Time
< Least Cost to Gov't

SLIDE 41

REDUCTION OF PROJECT FUNDS

When we reviewed the program assuming we went through and funded each project as we have done at Fort Hood or Fort Campbell, we came up with an estimate of $743 million to complete the required facilities at Fort Drum. We believe that with the advanced funding procedure which we worked out with OSD and the Congressional Budget Office that we can substantially reduce that to a total request of $615 million.

We would do this by letting one or perhaps two contracts in fiscal year 1987 for the 3 years of construction which would then allow the contractor to mobilize and complete the work throughout the 3 years. He would know ahead of time that the dollars had been approved by the Congress for appropriation in the year required.

We believe that if we can gain your support for this approach, sir, that we can substantially reduce the cost, provide quality facilities, and that we can activate this division needed for our national security in the least amount of time.

Senator MATTINGLY. I know I probably should not ask a question now, but let's refer back to slide 41.

How much were you going to request for fiscal year 1987 in appropriations? $232 million?

Major General DACEY. Sir, at this point we have looked at the distribution of cost across the 3 years. We have not developed a detailed schedule within each year.

Senator Mattingly. Do you have a schedule now?

Major General Dacey. For this program, yes, we do.

Senator Mattingly. For fiscal year 1987?

Major General Dacey. Yes, sir.

Senator Mattingly. What is it? How much is it?

Major General Dacey. $232 million.

Senator Mattingly. Is it $232 million?

Major General Dacey. $232 million; that is correct, sir.

Senator Mattingly. But you are also asking for $221 million plus $162 million?

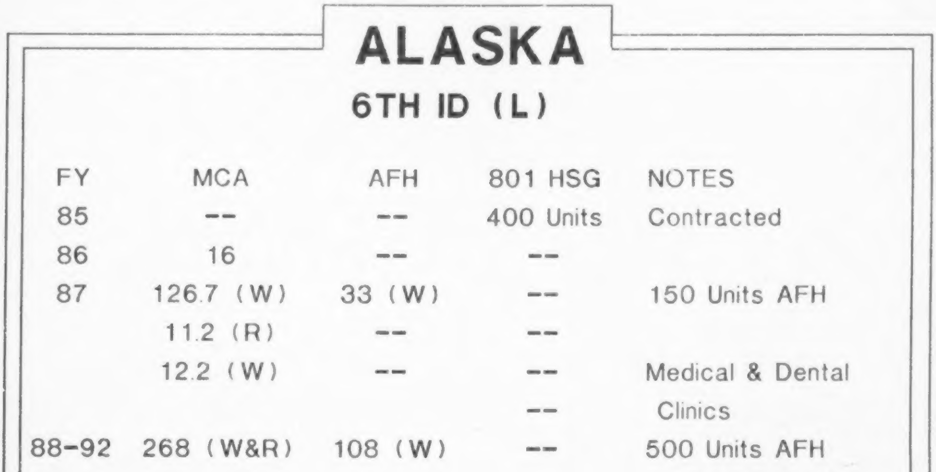
Major General Dacey. That is correct. An advance appropriation in 1988 and 1989, sir.

Senator Mattingly. The money would be appropriated this year? Or just obligated?

Major General Dacey. Neither, sir. It would be authorized, and the Congress would commit that they would appropriate those dollars in that fiscal year, sir.

Senator Mattingly. It is like a letter of commitment.

Major General Dacey. Yes, sir.



ALASKA

6TH ID (L)

FY	MCA	AFH	801 HSG	NOTES
85	--	--	400 Units	Contracted
86	16	--	--	
87	126.7 (W)	33 (W)	--	150 Units AFH
	11.2 (R)	--	--	
	12.2 (W)	--	--	Medical & Dental
			--	Clinics
88-92	268 (W&R)	108 (W)	--	500 Units AFH

All 88-92 Req'ts (MCA, AFH, MWR) to be validated

W = Fort Wainwright
R = Fort Richardson
MWR = Morale, Welfare, Recreation Facilities

Slide 42

LIGHT INFANTRY DIVISION REQUESTS

Sir, for the Sixth Light Infantry Division in Alaska we are requesting an appropriation of $126 million for Fort Wainwright, and $11.2 million for Fort Richardson in fiscal year 1987. These funds will provide the work needed to rehabilitate the facilities that exist, and to construct additional facilities required to station the Sixth Infantry Division in

Alaska. I show a figure of $268 million in the 1988 to 1992 5-year program. That figure exceeds any amount we intend to ask the Congress for.

However, when we looked at every facility and everything that was on everyone's wish list, that was the top dollar. And to assure you that we are not trying to get anyone to buy in, we displayed what would be the upper limit. The Chief of Staff of the Army testified before the Senate the week before last and said he did not intend to spend more than a total of $250 million for construction to station the Sixth Mountain Division in Alaska.

UNITED STATES ARMY FAMILY HOUSING PROGRAM

AFH
Fiscal Year 1987
President's Budget

SLIDE 43

ARMY FAMILY HOUSING STATISTICS

TOTAL INVENTORY	169,770 UNITS
LEASED	13,118 UNITS
U.S. CONTROLLED	156,652 UNITS
VALUED AT OVER	$13 BILLION
AVERAGE AGE	30 YEARS

SLIDE 44

FAMILY HOUSING

I would like to run quickly, sir, through our Army Family Housing request for fiscal year 1987. The important thing on this slide is, with the support from the Congress in prior years we now have a government-owned inventory of over 156,000 family housing units around the world valued at $13 billion.

AFH PROGRAM OBJECTIVES

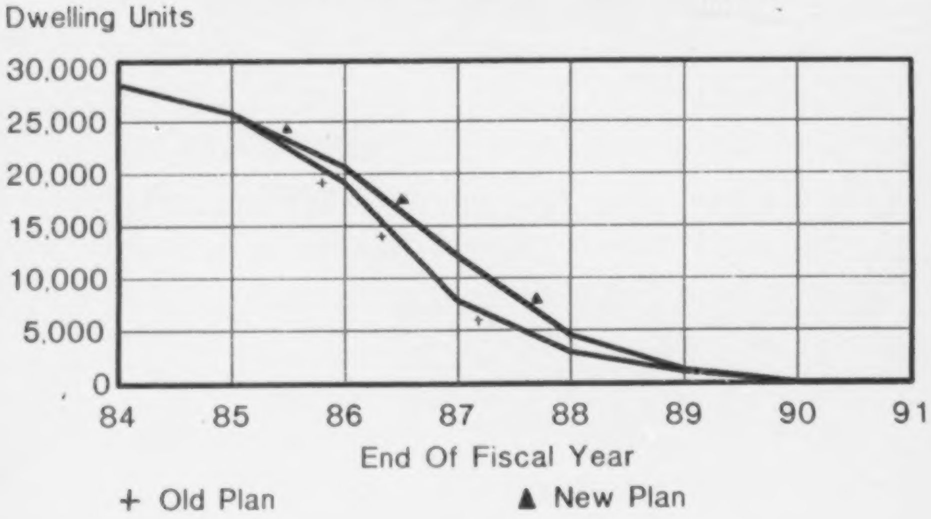
- Fully Fund the Cost of Ownership
- Reduce DMAR to Manageable Level by End FY 88
- Eliminate Housing Deficit by End FY 90
- Provide Approximately 5 Percent of Whole House Renewals Per Year
- Eliminate Substandard Housing by End FY 89
- Complete All Cost Effective ECIP Projects by End FY 92
- Reduce High Cost Housing
- Acquire More Housing

SLIDE 45-46

PROGRAM OBJECTIVES

The program that we have presented to you this year, our program request, would fully fund the cost of ownership and would provide support to the rest of the program as depicted in this slide. We still hope, with the support of the Congress, to eliminate the substandard housing and eliminate the housing deficit for our soldiers by fiscal year 1990.

FAMILY HOUSING
DEFICIT REDUCTION PLAN



SLIDE 47

DEFICIT REDUCTION

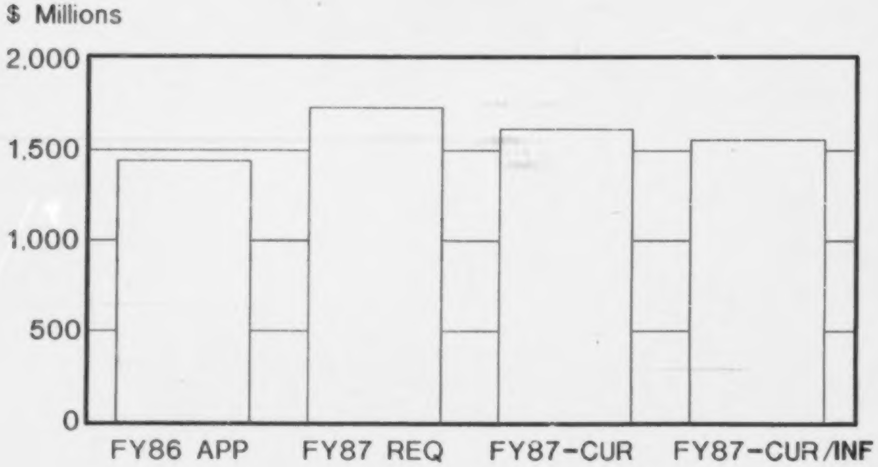
Last year we presented a plan to you which is shown in this slide in red which would have reduced that deficit more quickly. That plan was based on a higher authorization for the use of section 801 and section 802 procedures. Since the Army was limited to 600 section 801 and 600 section 802 in fiscal year 1986, we have had to readjust our program. We would ask your support for the section 801 and section 802 initiatives in fiscal year 1987.

AFH PRESIDENT'S BUDGET APPROPRIATION COMPARISON
(\$ Millions)

	FY 86 APPROP	FY 87 APPROP REQ	DIFFERENCE	CURRENCY REVAL
INVESTMENT ACCOUNT	262.0	463.4	+201.4	20.7
NEW CONSTRUCTION	(145.0)	(293.4)	(+148.4)	(10.8)
IMPROVEMENTS INCL ECIP	(102.0)	(146.0)	(+44.0)	(9.9)
PLANNING AND DESIGN	(15.0)	(24.0)	(+9.0)	N/A
O&M ACCOUNTS	1,167.1	1,269.2	+102.1	96.6
OPERATIONS	(493.5)	(507.5)	(+14.0)	(37.0)
MAINTENANCE	(560.0)	(587.8)	(+27.8)	(38.2)
LEASING	(113.6)	(173.9)	(+60.3)	(21.4)
DEBT PAYMENT ACCOUNT	1.0	.4	-.6	N/A
TOA TOTALS	1,430.1	1,733.0	+302.9	117.3
DEBT PRINCIPAL	15.1	7.6	-7.5	N/A
APPROPRIATION TOTAL	1,445.2	1,740.6	+295.4	117.3

SLIDE 48

AFH APPROPRIATION COMPARISON FY 86 TO FY 87



SLIDE 49

JACKET NO. 58 - 224 ILLUS. NO. 48-49A
SIZE 26½ x 38½ PERCENTAGE 51%

CONSTRUCTION INCREASE

This chart is similar, sir, to the one I showed earlier for the construction side. Although it would appear that we were asking for an increase over fiscal year 1986 of $295 million, $117 million of that would go to pay for currency revaluation in our Army family housing program. So it is an increase, but it is not of the magnitude that might appear at first glance.

Senator MATTINGLY. You have it on your slides on how much money for appropriations, but you have not given a slide about what the projections are of your increase in your housing and your construction by virtue of the section 801's, I do not think, have you, or by virtue of even funding or obligating this money for 1988 and 1989?

Major General DACEY. We have in our program included the operation and maintenance dollars to take care of all the acquisitions you have given us the authority to obtain, sir.

Senator MATTINGLY. But I mean in the proposal you are talking about now.

Major General DACEY. They do not show in this year's budget. They would be in our future years' budgets, sir.

SLIDE 50-51

MODULAR HOUSING

You had told us to look more at modular or packaged, premanufactured housing. This is some housing that was built, and the house on the left is now on the ground at Wildflecken in Germany. We had the contractor put up a prototype one at Weslaco, Texas. We had them decorate it so we could get a chance to run families through, let spouses look at the facilities.

The picture below is of the interior.

SLIDE 52-53

These are two additional pictures of the interior. It is very nice housing. It is very attractive, and our people are very pleased with what they have seen on the ground in Germany.

Senator MATTINGLY. How does it compare with cost?

Major General DACEY. I do not know if I have a figure on the comparable cost, which includes the transportation. I know the construction cost is lower, but I do not have the transportation, so I would have to get that for the record.

Senator MATTINGLY. I think we need to know if it is cheaper.

Major General DACEY. Yes, sir.

[The information follows:]

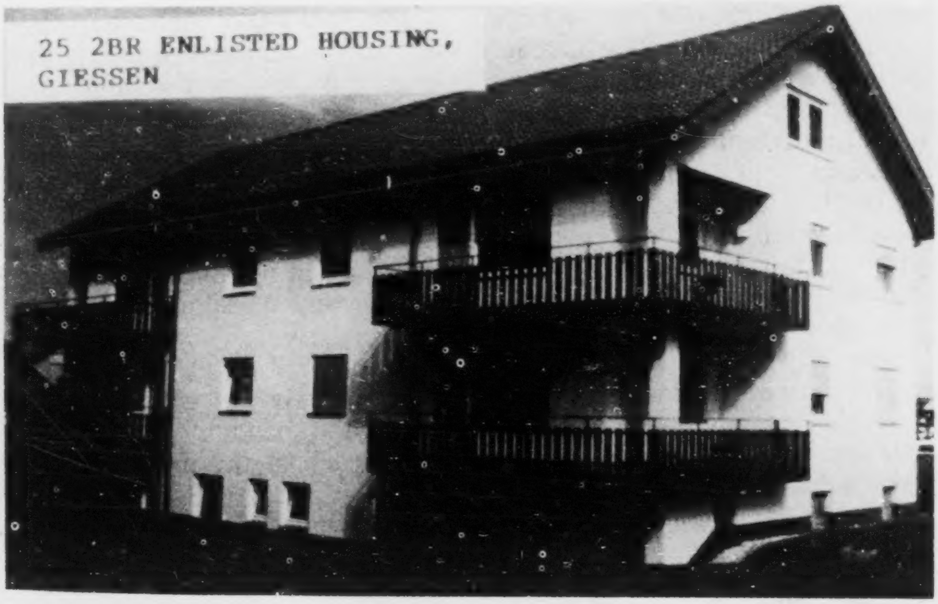
U.S. MANUFACTURED HOUSING

Since no "stick built" housing has been constructed for the Army in Germany recently, German construction prices were used to estimate what it would cost to construct a house comparable to the Wildflecken houses.

	U.S. manufactured housing (actual)	Germany (estimated comparable housing cost)
House to the 5-foot line	$38,394	$38,922
Supporting cost	12,631	12,631
	51,025	51,553
Transportation	3,595	0
	54,620	51,553

The comparison shows that the cost of U.S. manufactured housing is slightly less than Germany's comparable housing cost but, when transportation is added, the U.S. manufactured housing is more expensive.

The Wildflecken project was the Army's first attempt to build U.S. manufactured housing in Germany. This project was awarded in September 1984 during the time of a more favorable bidding climate. However, six recent awards in Germany for Army housing have resulted in a higher per unit cost. The recent contracted prices for a comparable size unit ranged from $62,710 to $65,839 due to varying site conditions. The fiscal year 1987 prices for a similar unit range from $71,134 to $77,324. This increase is due to varying site conditions and to offset the lower currency exchange rate.



SLIDE 54

FOUR-PLEX UNIT

Major General DACEY. Also with the authority you have given us to go after additional leased units, this is a new four-plex that has been built at Giessen in Germany, and which we will lease as soon as the contractor has completed it.

FY 87 ARMY FAMILY HOUSING BUDGET HIGHLIGHTS

- Pays Bills (COO)
- Reduces DMAR
- Reduces High Cost Houses
- Does Construction Improvements
- Does Attic Conversions
- Provides New Dwelling Units
- Provides Mobile Home Spaces
- Requests Lease Allocations

SLIDE 55

BUDGET HIGHLIGHTS

The highlights of our budget: We do fully fund the cost of ownership. It will provide for reduction in the backlog of deferred maintenance in housing. It will reduce some of the high-cost quarters that we have met with you on before. It does provide new dwelling units, and provides more mobile home spaces where a soldier can either buy a trailer or rent a trailer and put it in place at the facilities. It does contain a request for additional lease allocations.

We have appreciated in the Army very much, sir, the support we have received from you in the past, and we look forward to working with you this year on this very complex situation we find ourselves in, and we would be happy now to entertain any questions you might have.

Senator MATTINGLY. What "complex situation?" [Laughter.]

This is the greatest thing in the world we have got going on right now. You are talking about trying to control the spending?

Major General DACEY. Trying to maintain all of the initiatives with less funding, sir.

Senator MATTINGLY. Well, with all that creative financing we have going on, I think you might be able to do it.

SECURITY AT PERSHING II MISSILE SITES

Let me ask you, first, as you know the committee has strongly supported the need for security at our Pershing II missile sites in Germany. There have been various estimates in the last year about what the cost will be for these security measures. As I recall, I think the best estimate was around $100 million. For fiscal year 1986, $56 million was appropriated, and the request you have currently is for $17 million.

Could you tell us, what is the status of the program, and why is the fiscal year 1987 request considerably lower than what I believe our committee had expected?

Major General DACEY. Two things happened. A year ago we were working off gross estimates, and we estimated our full cost at $101 million, as you stated, sir. That was without the benefit of designs. We put that program together and presented it, and you authorized us to fund that and to start the work in fiscal year 1986.

At that time, we indicated we would be requesting an additional $45 million in fiscal year 1987. Since that time, two things have happened. First, NATO reduced the requirement for the number of launchers that have to be in a standby status. In a standby status, the bird was exposed and we were proposing to build some very expensive baffle structures to protect the bird while it was in that configuration.

With the change in NATO criteria, we were able to significantly reduce the cost of providing that protection for the ready launchers.

CHANGE IN NATO CRITERIA

Senator MATTINGLY. Question. What do you mean by changing the criterion, the NATO criterion?

Major General DACEY. The NATO criteria when we first looked at it, sir, said the bird had to be in an erect position.

Senator MATTINGLY. That is what you are saying, then. You are saying that they have said fewer number of the missiles had to be in the ready position, then?

Major General DACEY. Fewer in the ready position, and it did not have to be erected. It could be down flat. So that we did not have to build the high bunker—baffles for it, sir.

Then second, as we went in and started doing the work and completed the designs, we found out it was not going to cost as much as we thought it was. So we reduced our request for this year.

Senator MATTINGLY. Even with the dollar change, it would not cost as much?

Major General DACEY. Yes, sir.

SECURITY CONCERNS

Senator MATTINGLY. Great. That is good. Now I would hope this would be in agreement with—who was it that went over there last year that we sent to look at the missile site in reference to the security? So this is going to be then sufficient?

Major General DACEY. We believe that is sufficient to complete all of the work under the program for the upgrade of the security of the missiles themselves.

Senator MATTINGLY. Senator Sasser and myself, I think there have been a lot of people really concerned in reference to the security over there. So I would hope that the $17 million will really cover the security, and that we are not just cutting some corners over there, which I know that you would not do, but somebody in the bureaucracy is not cutting corners in the force to maintain security.

Major General DACEY. Both the Chief of Staff of the Army and the Secretary, sir, have sincerely appreciated your concern for that. We have briefed them, and there are no corners cut. That is providing everything we feel is essential, but again there is not anything in there that was nice to have.

Senator MATTINGLY. I would hope that if under your leadership you find in this interim period when you are spending this money, if you find out they need more in respect to security, that you will ask for it and not wait until the next fiscal year to come on. We can reprogram it out of some monies out of Washington, DC.

Major General DACEY. Yes, sir.

FORT DRUM CONSTRUCTION

Senator MATTINGLY. The Army of course you have already testified about your plans to build Fort Drum into a Light Division, and your plans to improve and expand the facilities at Fort Wainwright in Alaska which are of special interest to this committee. You have really presented a good overview of it.

However, one thing which is not clear to me is why is the Army seeking this advance appropriation for the total amount of the construction planned at Fort Drum?

Major General DACEY. Sir, when we began the initiative and went out to talk to industry to try and get smarter on what we might do to reduce the cost, one of the things they came up with was if we can let one or two contracts rather than several contracts, then the contractor will manage the interface of a lot of different crafts and skills and people working at the site. He will manage his own subcontractors.

We will not have the cost of mobilization and demobilization for a number of contractors, but rather for just one or two contractors. We will have standardization due to the fact that we are redoing the plans and specifications to require, as an example, a standard window and a standard roof truss so that we have an economy of scale.

Senator MATTINGLY. Well, but what you are asking for is the money to be given to the Army in advance for 3 years. Right?

Major General DACEY. Yes, sir.

Senator MATTINGLY. In other words, whatever the check is, we are going to give you a check for that amount of money for 3 years? No?

Major General DACEY. Sir, you would give us a check this year for the amount that we estimate the contractor would spend.

Senator MATTINGLY. OK.

Major General DACEY. Based on the schedule we have laid out for the two subsequent years, our rules require that when we sign a contract with the contractor he must deliver a complete and useable facility. So looking at the camp itself as that facility, we have tried to put it together at the least cost, sir.

Senator MATTINGLY. But the other thing is, I am not certain how this Congress can obligate for another Congress. I recall that you can give a letter of intent to a construction company, or anybody else, the Government can, for that 3-year project. But unless there has been some new wrinkle given, I am certain that we cannot obligate a future Congress. Am I correct in that?

Major General DACEY. I share your concern. We did work with the Congressional Budget Office to ask if this was an acceptable procedure, and their indication was to us then that it was, sir. So that is why we presented it this way.

Senator MATTINGLY. That was CBO or OMB?

Major General DACEY. We started with OMB, but then we did also coordinate with the Congressional Budget Office.

Senator MATTINGLY. Did OMB also say it was an acceptable procedure?

Major General DACEY. As they understood it, yes, sir.

Senator MATTINGLY. Oh, as they understood it? OK. The reason why I am referring to that, I make reference to the King's Bay Submarine Base where no advance appropriation was necessary. Of course this is in the Navy and each project has been reviewed and justified upon its particular merit.

Now you have already explained some of the advantages the Army expects to make in its contract as proposed. I assume what you are saying is it saves roughly one hundred and some million dollars, really, over a 3-year period of time, if I am not mistaken.

Major General DACEY. Yes, sir.

ADVANCED APPROPRIATIONS

Senator MATTINGLY. Can you provide the committee with the 1391's and other pertinent data on the projects included in the advanced appropriations?

Major General DACEY. Sir, the data will be furnished separately to the committee staff.

FACILITY REHAB IN ALASKA

Senator MATTINGLY. Now why, if it is so good at Fort Drum, are we not doing it in Alaska?

Major General DACEY. A very incisive question, sir. We tried, as we started looking at Alaska, to see if we could not do it the same way. In Alaska what we are doing is primarily rehabbing facilities that are there. We are moving people out of one building while we do another building, and it is time sequenced and paced by the capability to rehabilitate the buildings that are there already on site, sir.

It just did not appear to us in discussions with industry that we could find the same kind of economy of scale there as we could at Fort Drum where we are building in a virgin area where we are going in and constructing a camp.

Senator MATTINGLY. Well, how much money are we going to expend in Alaska? If I recall, it was around $250 million down, or something like that.

Major General DACEY. Yes, sir.

Senator MATTINGLY. There has to be some economy if you obligate the money the same way there, also. A contractor is a contractor is a contractor.

Major General DACEY. Yes, sir. But he would not be able to proceed at the same pace based on his efficiency. He would still have to wait for the Government when he finished one building, to get out of it and move into another one, or move into the new one and out of another one so he could move to that, the domino that he is going through during rehabilitation. We can re-examine it, but we did not believe as we looked at it that the same kind of economies existed, or the potential for the economies existed.

Senator MATTINGLY. I am just asking. Have you worked with the contractor to ask him that?

Major General DACEY. Yes, sir.

Senator MATTINGLY. And they say no?

Major General DACEY. We have had a meeting with the contractors, with the bonding companies and with the financing institutions. They did not see the same economies as they had seen at Fort Drum, sir.

Senator MATTINGLY. Can the committee get the information as soon as possible from CBO and OMB, if you have any, in reference to the Fort Drum, the analysis that they have made in reference to the 3-year proposal? I assume you have that somewhere.

Mr. CARTON. When you say from CBO and OMB, sir, we did discuss it with them. I am not sure what analysis they have available.

Senator MATTINGLY. But you all are telling me that they are the ones that said this was a good idea.

Mr. CARTON. Oh, yes. They concurred that it was a good idea.

Senator MATTINGLY. Did they do it in writing, or did they just say it?

Mr. CARTON. Well, it was presented as part of the recommendation by the director of OMB to the President, and I believe we have received a recent letter on that. We will get that for you.

CORRESPONDENCE

Senator MATTINGLY. I would sort of like to see it, especially if you do not have any information from the OMB. I would ask this committee to ask OMB their reaction to this, and specifically how it interacts with the 100th Congress. Can we in fact do that. I am not saying it is a bad idea, not that this place has ever changed the rules, but it would be nice to know.

[The information follows:]

Attached is a copy of the letter submitted from the President to Congress requesting an amendment to fiscal year 1987 providing advanced appropriation available for obligation in fiscal year 1988 at $221 million and fiscal year 1989 at $162 million for Fort Drum, New York.

THE WHITE HOUSE
WASHINGTON

March 4, 1986

The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider an amendment to the request for appropriations for fiscal year 1987 for the Judiciary and amended fiscal year 1987 appropriation language for the Department of Defense-Military. I am also requesting funds for the Department of Agriculture's Food Safety Inspection Service that were made available by the Continuing Resolution at the request of the President without further Congressional action.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Ronald Reagan

Enclosures

DEPARTMENT OF DEFENSE-MILITARY

Military Construction

1987 Budget Appendix Page	Heading	1987 Request Pending	1987 Proposed Amendment	1987 Revised Request
I-G48	Military Construction, Army	$1,695,200,000	language	$1,695,200,000
	(In the appropriation language under the above heading insert the following immediately after "and the reasons therefore.":) In addition, for construction at Fort Drum, New York, there is appropriated in advance to be available for obligation in fiscal year 1988, $221,000,000, to remain available until September 30, 1992 and to be available for obligation in fiscal year 1989, $162,000,000, to remain available until September 30, 1993.			

This appropriation language was inadvertently omitted from the fiscal year 1987 Budget. This proposal would not affect outlays.

MINOR CONSTRUCTION ACCOUNT

Senator MATTINGLY. During the consideration of the fiscal year 1985 bill the Congress made a sizeable reduction in the so-called unspecified or minor construction account. The Army had requested—I guess the fiscal year 1986 bill, I think the Army had requested $31 million and an appropriation of $18.5 million was approved. The cut was based on the committee's belief that this account was not being utilized for the unforeseen emergency requirements for which it was designed.

Now I believe you are seeking $20 million for this account in fiscal year 1987. Could you give us some justification for that amount, and also what has the Army done to ensure that the projects funded in this account cannot wait until the normal budget cycle, which I have never been able to understand yet about minor construction.

Major General DACEY. Sir, there are things that occur during the year that are unforeseen and that do require us to take action to get something done in an urgent manner. When I was in Korea last January and visited the Joint Security Area, there was a building there that was totally inadequate. We looked at it and decided what we would have to do. Those people up there have been fired upon by the Communists across the DMZ line.

So we were able to come up with funds from the appropriation you had provided to us last year, and we were able to go in and provide a minimum facility for their needs in the Joint Security Area.

Those types of things do come up. We do our very best, and we notify the committee, as you are aware, sir, prior to the time we award or even go out for contract in any of these projects. We are not attempting through the request for $20 million to in any way dilute the oversight that the committee has, but rather to have some flexibility when unforeseen things do come along that we are able to react to them, sir.

Senator MATTINGLY. Why, then, are you all asking to increase the minor construction limit from $1 million to $2 million, then? It seems like that reduces the oversight there.

Major General DACEY. Well, again, if we did gain the $2 million limit it would cover a large number of the projects that we work together on, reduce extensive documentation, and we would be able to deliver those in 2 or 3 years instead of the 3 to 5 years that the current process takes to deliver them. On the major expenditures we would still provide to you oversight, sir, because we do not do any of those without coming in for your prior approval.

Senator MATTINGLY. Right. As you are well aware, I am not a big fan of minor construction money. We get reprogramming requests all the time anyhow, and I have just always felt that these things should be handled through normal reprogram requests because the budget always seems to have some extra in it somewhere. I know that you all are a fan, as many are, of minor construction.

Mr. CARTON. Sir, our problem is authorization, also. For reprogramming requests we must have something authorized to work against.

Senator MATTINGLY. I know, but that is like—I mean, we could authorize contingency funding, too, or discretion.

Mr. CARTON. We would say that it has been several years since the limit has been raised and inflation has continued.

Senator MATTINGLY. We are taking care of the inflation.

Mr. CARTON. Yes, sir; but your predecessors had not.

Senator MATTINGLY. Right. That is right.

MILITARY OPERATIONS IN URBAN TERRAIN

Let me ask you in reference to the military operations in urban terrain issue. Last year you all requested six projects, five in the United States and one in Germany. Those projects were deferred as part of the Conference agreement with the House. At that time, you all had stated that these were of a high priority.

Now your budget only includes one of the facilities located in Germany. What happened to the other five?

Major General DACEY. Sir, they are still in our program, and we will be back for them. Two things happened. One was a GAO report that questioned the cost of the facilities, and we were providing them the least needed facility.

The second was a review by the training and doctrine command as to how do we conduct the training for fighting in cities or in urban terrain. We are going back and looking at both the cost and the scope of those projects to ensure that whatever we are building is right.

The one that was in Germany we looked at and it was correct for the unit that was going to train there. We did put that one in the program. And the rest, as soon as we can answer all of the questions from GAO and resolve the design questions, we will be back, sir.

FORT MYER, VA GYM

Senator MATTINGLY. I know that the Army is requesting $3.8 million for a new gym at Fort Myer, VA. I think this committee has noted that the marines are also requesting a new gym at Henderson Hall, which is located right next to Fort Myer. Is anybody talking to anybody between the marines to say we can only build one facility which might be able to serve both bases?

Major General DACEY. Yes, sir. We looked at it, and we coordinated with the Marine Corps and through the Military District of Washington. We determined that, with the population to be served, two facilities were required. But we did not duplicate the same kind of support equipment inside the two gyms. We tried to look and put some of it at one place and some at the other. But, yes, sir, that coordination did take place.

Senator MATTINGLY. What you are putting in one gym, you are not putting in the other?

Major General DACEY. Well, we reduced ours by a total of more than 20,000 square feet for a savings of over $2.4 million, once we had done all the coordination. Maybe we would put say the Nautilis equipment in one place, and then handball courts or racketball courts in the other, so that because of the proximity either the soldier or the marine could go to either place for the type of exercise that they were looking for, sir.

Senator MATTINGLY. I do not want to get totally involved in it, but that does not make sense to me that you could not build one and put everything in it. Now you are going to build two, and they are going to be going back and forth. Why can you not put them all in one place? I mean, I will not put you on the spot, but we will maybe just strike that out of the budget later on. It does not make sense to me, and I know you all will probably be able to explain it to me later.

Major General DACEY. We will try, sir.

[The information follows:]

GYM AT FORT MYER

The following additional information was provided after the hearing.

The new construction for a physical fitness training center at Fort Myer is a companion project to a similar facility requested by the Marine Corps at Henderson Hall. In late 1983, representatives of Fort Myer, Headquarters, Department of the Army, Henderson Hall, and Headquarters, U.S. Marine Corps reviewed proposals for a single joint facility project or a two facility project. The result was an agreement on a joint physical fitness training center project with two facilities, one at Fort Myer and one at Henderson Hall. This agreement resulted in the down scoping of the original projects by 25,000 square feet. At that time, the Army programmed the Fort Myer facility for the fiscal year 1986 Military Construction Appropriation Program and the marines in fiscal year 1987. The Army moved their project to fiscal year 1987 to dovetail this project with the marines.

As companion projects, the Fort Myer and Henderson Hall facilities have been sized to eliminate duplication of active key areas. The smaller Henderson Hall facility (located a distance of 1 mile from the Fort Myer facility) will include a weight room, two handball courts, and a general exercise room. The larger Fort Myer facility will contain a gymnasium, three exercise/training rooms, locker and shower rooms, and a first aid station. These facilities will support all service personnel and their dependents who are a part of the Fort Myer and Henderson Hall Community.

DUGWAY PROVING GROUND, UTAH

Senator MATTINGLY. Let me ask you about the Dugway Proving Ground out in Utah that you have got a request in for $9.7 million for the material test facility at Dugway Proving Ground out there.

I know what the mission is. Can you tell the committee what the construction is anticipated as at Dougway in the future? What I would like to have—the mission you can put in the record.

Major General DACEY. Yes, sir.

Senator MATTINGLY. That will be helpful later. But what is the future construction prospects?

Major General DACEY. Sir, I will provide that in detail for the record.

[The information follows:]

DUGWAY PROVING GROUND, UTAH

The material test facility for Dugway Proving Ground will provide the capability of testing and evaluating the effects of chemical agents and stimulants on current and proposed military equipment, such as the penetration of our chemical agents into vehicles, helicopters, personnel shelters, vans, etc. This will provide survivability data. Environmental chambers will be included so that chemical agent testing under varying conditions of rain, wind, heat and cold can be accomplished. The effectiveness of decontamination procedures on military equipment will be evaluated. Likewise, the performance of equipment after exposure and decontamination will also be evaluated.

Due to the deemphasis of the testing of chemical munitions in the 1960's and 1970's, the entire installation of Dugway Proving Ground fell into a state of obsolescence and disrepair. With the increased threat of the use of chemical agent by the Soviets, the United States has begun developing the best defense protection possible for the American soldiers. The Department of Defense designated Dugway Proving Ground as the major range and test facility for chemical warfare and biological defensive testing. To accomplish this mission, a Facilities Modernization Program was initiated in 1983. Much has been done and much remains to bring Dugway to current standards. During the next several years construction requirements are anticipated to be $33 million estimated to refurbish and modernize the technical facilities; $32 million for support facilities for such areas as maintenance, communications and storage; $15 million for utilities upgrades and replacement; $6 million for the quality of life area; $4 million to improve living conditions for the unaccompanied personnel and $1 million to upgrade security for the test areas. Approximately $6 million will be required to complete the family housing modernization.

Senator MATTINGLY. Well, the committee is familiar with the mission and it is needed and required. So I would hope that you would put it in in great detail so we can pursue that and make certain that it comes to fruition, and especially the prospects for the future. I do not know what it is.

SUBMITTED QUESTIONS

The rest of the questions I have I will let you submit in writing for our record, several of the questions that we have. So even though they are going to be put in the record, I just want you to understand the need to reply to them in as great detail as you have been asked here at the committee.

I appreciate you all coming today and testifying. It will be interesting. I hope we can get the information from the OMB and the CBO to clarify for this committee and the committee members in reference to the Fort Drum and Alaska and why one is pursuing the different type of funding versus the other one not pursuing it. Because we have got to answer to the other colleagues in the Senate when that time comes, and I think it would be in my interest to be prepared, and also in the Ranking Member's interest to be prepared in reference to that subject.

I know that we all have a lot of creative financing that is coming up, but we want to make certain that we can justify it at the same time.

Major General DACEY. Yes, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MATTINGLY

RANGES

Question. I believe from past testimony that training ranges are a rather high priority on the Army's construction list. I note that at Fort Polk, Louisiana there is a request for $27 million-for a multi-purpose range.

Please tell the Committee where the Army is going on the Range Modernization Program.

Does the Army have a Master Plan and cost estimate on all anticipated range construction ? What kind of costs are involved and in what years.

Answer. The Army's Range Modernization Program has a threefold thrust: To meet the training requirements of modernized equipment (Abrams Tank, Bradley Fighting Vehicle, AH-64 Attack Helicopter); to upgrade non-standard deteriorating range facilities; and to efficiently integrate new training technology. The program emphasizes centralized resourcing and management and standard design of ranges. Range projects are prioritized according to training needs and are generally programmed for installations with high concentrations of troops or where large numbers of Reserve Component units train. The Army's master plan for new ranges and major upgrades over the next five years includes planned instruction and equipment expenditures as shown below ($ million):

	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Construction					
Active/Reserve	63.2	88.2	94.2	110.7	100.3
National Guard	0	40.5	4.0	30.0	3.0
Equipment	40.5	60.7	62.5	55.0	47.2

REFUSE INCINERATOR PLANT--THIRD PARTY FINANCING

Question. The Army requests $13 million for a refuse incinerator plant at Fort Lewis, Washington. Can you tell us about this project and why it is needed? Has the Army given any consideration to or looked into a third-party arrangement for this function?

Answer. This project consists of four incinerator systems each designed to burn 25 tons per day. The solid waste incinerator will reduce total waste volume to be landfilled, extending the useful life of the FY 87 landfill (PN 541) from 2 to 10 years. The primary purpose of the incinerator is waste volume reduction with incidental heat recovery. Third party contracting was not considered when this project was developed because we did not have legal authority to do so. We feel now that the project is too urgently needed to perform a privatization study, which would take approximately one to two years to complete and might not prove successful. Without the incinerator the effective life of the landfill (PN 541) will only be two years.

WEST POINT

QUESTION. The program for fiscal year 1987 includes three projects totalling $35.9 million for an instruction building and academic facilities modernization projects. I assume that these are part of the master plan to improve the facilities at West Point and are part of the plan which involved the purchase of Ladycliff a couple of years ago. Please tell the committee about these projects and what we can expect in future programs.

ANSWER. The Academic Facilities Master Plan for West Point was prepared to address an urgent requirement to modernize and expand its academic facilities. An improved curriculum, increased electives, establishment of a major's program and need to become certified by the Accreditation Board for Engineering and Technology (ABET) require new and renovated laboratories, intermediate-sized lecture rooms, cadet tutorial areas and an expansion of the cadet library. Various alternatives were studied. The most economical solution to the expansion is renovation of recently acquired Ladycliff College facilities for non-academic functions now being performed in the cadet central area, and introduction of the academic facilities into the vacated space. The Academic Facilities Master Plan was prepared assuming that project PN 187, General Instruction Building, would be approved for FY 85. In fact, this project was authorized in FY 86 but was not appropriated. In order for the complete modernization to be accomplished as visualized by the Master Plan, this project must be completed. The phased construction plan for the remainder of the academic modernization is shown below:

FY 86	Phase IA	-	Initial Ladycliff renovation for administrative space moved out of the cadet central area.
FY 87	(Pre-Phase IA)	-	General Instruction Building. Renovate Washington Hall for military instruction academic space and laboratories for Geography and Computer Science. (PN 187)
	Phase IB	-	Completion of Ladycliff renovation. Provide an automatic data processing center, modernization of a library building and construction of library archives. (PN 219)
	Phase II	-	Initial Thayer Hall academic space renovation and conversion of Bldg 149 to academic space. (PN 237)
FUTURE PROGRAMS			
	Phase III	-	Completion of Thayer Hall academic space renovation, conversion of classrooms in Mahan Hall to teaching laboratories and renovation of Bldg 606 for use by the Department of Law being relocated from Thayer Hall.
	Phase IV	-	Modernization of laboratories in Bartlett Hall.

RHEINBERG, GERMANY "RUG FACTORY"

Question. Last year, after many years of debate, the conferees on the military construction appropriation bill agreed to provide the funds for the purchase of the Rheinberg facility which has come to be known as the "Rug Factory".

What is the status of the purchase of this facility?

Your budget request includes a number of projects for Rheinberg. Please describe what is being done at this facility and the associated costs for fiscal year 1987.

What out-year projects can be expected which are related to Rheinberg?

Answer. We have not yet obtained a firm purchase price for the facility from the German side. USAREUR is still pressing FRG for a response. Barring unforseen problems, we hope to have purchase completed by Aug 86.

The MILCON request for FY 87 contains seven projects for the modification of the existing Reichel Facility. Essentially, existing warehouse and factory areas are to be converted for use as operational and support facilities typically required on an Army Post. These projects provide necessarty barracks, dining, operational, maintenance, physical fitness and off duty support facilities. Their total cost is approximately $35 million.

Outyear projects are programed in the fiscal years 88-92. They will provide medical, remainder of maintenance and remainder of support facilities required. Recent decision by the Army leadership has been made to hold the Military Construction cost of developing the Rheinberg complex to approximately $55 million. The Army in Europe is reviewing their plans to insure compliance. Following receipt and final review of these projects detailed information will be provided to the Committee.

NEW CUMBERLAND ARMY DEPOT

Question. The budget request is seeking $51 million for another phase of construction at the New Cumberland Army Depot in Pennsylvania.

Is the $51 million to be obligated during fiscal year 1987?

Could the funding be phased further than you have presently phased it?

What is the status of the project at this time?

Answer. This project is currently being advertised as a Request for Proposal (RFP) with a due date of June 10, 1986. The RFP indicates the amount of funds estimated to be available for expenditures over the three year life of the project and was based on our estimate of anticipated contractor expenditures and government administration costs. For FY 1987 we have estimated that contractor expenditures will require approximately $50 million while government administrative costs will be approximately $1 million. To phase the funding beyond our current

three year proposal would slow construction execution and increase costs by making contractor efforts less efficient, increasing contractor financing costs, and subjecting the project to inflationary increases.

Following evaluation of the proposals received on June 10, 1986 we plan to make an actual contract award in September.

Mission Change-Engineer School From Fort Belvoir to Fort Leonard Wood

Question. The Army is requesting the funding this year to provide facilities at Fort Leonard Wood, Missouri to meet the mission change from Fort Belvoir, Virginia where the Engineer School is presently located. Please tell the Committee what is involved in this move as far as construction costs are concerned. How many years are involved in the construction plan? What will be done with the facilities at Fort Belvoir which are being vacated?

Answer. The construction projects required to support the relocation of the Engineer School are being requested over a two year period. The first phase includes three projects totalling $43.2 million. The second phase includes two projects totalling $18.4 million. Facilities vacated at Fort Belvoir will be renovated and are currently projected to be occupied by the Headquarters, U. S. Army Corps of Engineers.

SUBCOMMITTEE RECESS

Senator MATTINGLY. So that really completes our hearing for today. I want to thank you, General Dacey, for your testimony, as well as the other Generals who came.

At this time, the subcommittee will stand in recess until tomorrow, March 20, at 10 a.m., when we will receive the Navy's testimony.

Thank you very much.

[Whereupon, at 2:55 p.m., Wednesday, March 19, the subcommittee was recessed, to reconvene at 10 a.m., March 20, 1986.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MARCH 20, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11:05 a.m., in room S–126, the Capitol, Hon. Mack Mattingly (chairman) presiding.

Present: Senator Mattingly.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF L. WAYNE ARNY III, PRINCIPAL DEPUTY, ASSISTANT SECRETARY OF THE NAVY, SHIPBUILDING AND LOGISTICS

ACCOMPANIED BY:

- **CAPT. TOM DALY, U.S. NAVY, DIRECTOR, PROGRAM DEVELOPMENT DIVISION, NAVAL FACILITIES ENGINEERING**
- **CAPT. PATRICK W. DRENNON, CEC, U.S. NAVY, PROGRAM MANAGER FOR PLANNING AND REAL ESTATE**
- **REAR ADM. J.P. JONES, JR., CEC, U.S. NAVY, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND**
- **REAR ADM. FRANCIS NEALE SMITH, U.S. NAVY, DEPUTY DIRECTOR, NAVAL RESERVE**
- **BRIG. GEN. J.P. HOAR, U.S. MARINE CORPS, DIRECTOR, FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS**

BUDGET REQUEST

Senator MATTINGLY. Good morning. The subcommittee will come to order.

First I want to thank our Navy and Marine Corps witnesses for their cooperation in this last-minute time change. I believe we still have adequate time for the overview. We can always go over a little bit and miss a little lunchtime.

This morning we are going to receive testimony of the military construction and family housing programs for the Navy, the Marine Corps, and the Naval and Marine Corps Reserve.

NAVY BUDGET PROGRAM

The Navy's request, including the Marine's program, is $1.8 billion in construction and $793 million for family housing. The construction budget request is about $200 million below last year's budget request, but is about $200 million above the adjusted appropriation for fiscal year 1986. The family housing account seeks an increase of about $144 million above the fiscal year 1985 adjusted appropriation and an increase of about $54 million above the fiscal year 1986 budget request.

NAVAL RESERVE BUDGET PROGRAM

The Naval Reserve account is $44.5 million, an increase of just under $5 million from the 1986 adjusted appropriation, and $7.3 million under the 1986 request.

I just want to state for the record that I continue to support the need for new and improved facilities. I believe the subcommittee supports such a position as well. However, especially in this year when we are trying to control the deficit, I think we are going to have to review, as we have done in the past, each and every project to ensure that they are fully justified. I think with your help and from all your departments the Congress can ensure that no unnecessary funding is included in the military construction appropriation.

At this time I would like to welcome each and every one of you here to testify. I look forward to working with you, and I hope it will be a beneficial year for all concerned in meeting the Navy's construction requirement. I understand that Mr. Arny is prepared to present the overview of the program for all of our witnesses.

However, I do want you all to know that you can all put your statements into the record, and if you want to condense it down to a few brief words, you can, which I know we will not—I am kidding. I would have been here sooner, but we had the briefing this morning on the aid to the Contras, the freedom fighters, as I like to refer to them. I felt like it was important for me to be there, and I am sorry we messed up your schedule, but I think what is going on here as far as the outcome of what happens in Central America also has an impact on what you are doing here today.

So thank you, and go right ahead.

PRIORITY REDUCTIONS

Mr. ARNY. Thank you, sir. It is our pleasure. We will do just that, with your permission. We will put our statements in the record, and I will just mention a couple of things briefly.

You talked about with our help, and we indeed want to do that. It will be a tough year, and when I worked on Armed Services with Senator Tower I know it was beneficial then when the Navy publicly we did everything in the budget, and they are all very high priority, but when reductions have to be made we will work very closely with you and the staff to ensure that with our priorities and yours we try and find the best match we can.

Senator MATTINGLY. Good.

STRATEGIC HOMEPORTING

Mr. ARNY. I would like to start with a briefing on strategic homeporting. I have Capt. Tom Daly, who is a surface warfare officer——

Senator MATTINGLY. You must have heard some of Bill Waters' testimony. [Laughter.]

Senator MATTINGLY. Go ahead.

Mr. ARNY. I mention that he is also an ex-minesweeping skipper, because we were accused of not ever promoting people who got into the mine warfare program. As I mentioned, Captain Daly entered the Naval Academy after I graduated and he made captain at the same time I did. The only way I have been able to stay ahead of him is to get out and to get into the civilian political arena.

Captain Daly will look at the military strategic overview of rationals of projects, and then Captain Drennon will go through the projects at the different ports—offer a summary to give you a feel for where they are.

[The prepared statements of Mr. Arny, Rear Admiral Jones, Rear Admiral Smith, and Brigadier General Hoar follow:]

PREPARED STATEMENT OF L. WAYNE ARNY, III

PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY
(SHIPBUILDING AND LOGISTICS)

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE:

I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO PRESENT THE NAVY AND MARINE CORPS FISCAL YEAR 1987 MILITARY CONSTRUCTION, FAMILY HOUSING, AND NAVAL AND MARINE CORPS RESERVE BUDGET REQUEST. WE ARE ASKING FOR $2.652 BILLION, OF WHICH $1.814 BILLION IS FOR MILITARY CONSTRUCTION, $793 MILLION IS FOR FAMILY HOUSING, AND $45 MILLION FOR THE NAVAL AND MARINE CORPS RESERVES. THIS YEAR'S REQUEST OF $2.65 BILLION IS 2.56 PERCENT OF THE NAVY'S TOTAL BUDGET OF $103.5 BILLION, AS COMPARED TO LAST YEAR'S REQUEST OF $2.88 BILLION WHICH WAS 2.74 PERCENT OF THE TOTAL NAVY BUDGET OF $104.9 BILLION. THE REDUCTION IN THE NAVY REQUEST FROM THAT OF LAST YEAR IS CONSISTENT WITH THE GRAMM-RUDMAN-HOLLINGS ACT GUIDELINES RESULTING IN THE INCLUSION OF ONLY THOSE ITEMS FOR WHICH FUNDS ARE ABSOLUTELY ESSENTIAL IN FISCAL YEAR 1987. AS IN PRIOR YEARS, THE MILITARY CONSTRUCTION FAMILY HOUSING BUDGET WAS DEVELOPED IN CONJUNCTION WITH THE TOTAL NAVY AND MARINE CORPS REQUIREMENTS IN ORDER TO PROVIDE THE OPTIMUM MIX OF APPROPRIATIONS, WITHIN BUDGET LIMITATIONS, NECESSARY TO SUPPORT OUR MARITIME STRATEGY.

MILITARY CONSTRUCTION

The $1.8 BILLION MILITARY CONSTRUCTION PORTION OF OUR REQUEST REPRESENTS A 13 PERCENT REDUCTION ($271 MILLION) FROM THE $2.1 BILLION REQUESTED LAST YEAR AND A 6.4 PERCENT ($109 MILLION) INCREASE FROM THE $1.7 BILLION THAT WAS APPROPRIATED. IN ORDER TO REACH CONGRESSIONAL BUDGET TARGETS, I WOULD IMAGINE

THAT "ACROSS THE BOARD" CUTS OF THE VARIOUS ACCOUNTS ARE BEING CONSIDERED. IF SO, I URGE THE COMMITTEE TO RESIST ANY SUCH ARBITRARY REDUCTIONS IN NAVY MILITARY CONSTRUCTION FOR THE FOLLOWING REASONS:

1. FACILITIES IN THE MILITARY CONSTRUCTION REQUEST ARE ESSENTIAL TO SUPPORT PERSONNEL, SHIPS, AIRCRAFT AND WEAPONS SYSTEMS WHICH HAVE ALREADY BEEN APPROVED BY CONGRESS. INEFFICIENT AND COSTLY USE OF THESE RESOURCES WILL RESULT WITHOUT THESE FACILITIES.
2. THE LARGE REDUCTION OF LAST YEAR ($0.5 BILLION, 22.3 PERCENT) FORCED THE DEFERRAL OF SOME PROJECTS TO THIS YEAR WITH ONLY THE ESSENTIAL PROJECTS SURVIVING THE COMPETITION IN THE REDUCED BUDGET ENVIRONMENT.
3. PRIOR YEAR GENERAL REDUCTIONS, PROJECT COST REDUCTIONS AND LEAN COST ESTIMATES, COUPLED WITH INCREASINGLY HIGHER BIDS BEING RECEIVED AND THE GRAMM-RUDMAN-HOLLINGS ACT REDUCTIONS COMBINE TO GIVE US A FUNDED POSITION TODAY THAT CANNOT TOLERATE ANOTHER GENERAL REDUCTION.
4. THE RELATIVELY SMALL NAVY AND MARINE CORPS MILITARY CONSTRUCTION BUDGET WITH OVER 300 PROJECTS SUPPORTING INDIVIDUAL NEEDS CANNOT WITHSTAND "ACROSS THE BOARD" CUTS AS READILY AS OTHER ACCOUNTS

THE COMMITTEE SHOULD REVIEW THE NAVY MILITARY CONSTRUCTION REQUEST BASED ON ITS MERITS, TAKING INTO CONSIDERATION THESE FACTORS.

I WOULD NOW LIKE TO DISCUSS BRIEFLY SOME OF THE HIGHLIGHTS OF THIS YEAR'S NAVY AND MARINE CORPS MILITARY CONSTRUCTION PROGRAM. AS HAS BEEN THE CASE IN PREVIOUS YEARS, THE VAST MAJORITY OF OUR PROGRAM (90.5 PERCENT) CONCENTRATES ON PROJECTS INSIDE THE UNITED STATES, WITH ONLY 9.5 PERCENT FOR OVERSEAS PROJECTS.

STRATEGIC HOMEPORTING

A KEY TO MAINTAINING OUR MARITIME STRENGTH IN THE FUTURE IS OUR STRATEGIC HOMEPORTING PROGRAM WHICH WILL FACILITATE OUR 600 SHIP NAVY IN THE LEAST VULNERABLE, MOST AFFORDABLE WAY, MAXIMIZING OUR READINESS WITH MINIMAL ADDITIONAL RESOURCES. FOUR MAJOR HOMEPORTING INITIATIVES ARE KEY TO THE ACCOMPLISHMENT OF OUR OBJECTIVES. THEY INCLUDE THE HOMEPORTING OF A BATTLESHIP SURFACE ACTION GROUP IN STATEN ISLAND, NEW YORK; A CARRIER BATTLE GROUP IN EVERETT, WASHINGTON; A BATTLESHIP SURFACE ACTION GROUP; CARRIER BATTLE GROUP; AND OTHER SHIPS IN CORPUS CHRISTI, GALVESTON, LAKE CHARLES, GULFPORT, PASCAGOULA, MOBILE, PENSACOLA, AND KEY WEST; AND AN EXPANDED BATTLESHIP SURFACE ACTION GROUP IN SAN FRANCISCO, LONG BEACH, AND PEARL HARBOR. IN EACH OF THESE INITIATIVES, WE HAVE WORKED WITH THE LOCAL COMMUNITIES IN FINDING THE LEAST COSTLY SOLUTIONS.

BY DEVELOPING THESE PORTS, WE WILL BE EXPANDING OUR INDUSTRIAL SUPPORT BASE, THEREBY OBTAINING SAVINGS THROUGH INCREASED COMPETITION IN OUR MAINTENANCE REPAIR AND SUPPORT SERVICES. USING ADDITIONAL, LESS CONCENTRATED PORTS WILL IMPROVE OUR DEFENSIVE POSTURE BY COMPLICATING ENEMY MINE, CRUISE MISSILE, AND ATTACK SUBMARINE TARGETING. THE DIVERSE GEOGRAPHICAL LOCATIONS OF THE PORTS WILL ALLOW US TO OPERATE AND TRAIN IN VARYING ENVIRONMENTS WITH A REDUCTION OF TRANSIT TIME. THE EVERETT AND STATEN ISLAND PORTS PROVIDE US WITH QUICK ACCESS TO THE NORTHEAST AND NORTHWEST SEALANES AND PORTS, WHILE THE HOMEPORTS IN THE GULF WILL ENHANCE OUR RESPONSIVENESS IN THE CARIBBEAN.

THIS YEAR WE ARE REQUESTING OUR SECOND INCREMENTS OF FUNDING FOR STATEN ISLAND AND EVERETT. THE $63.6 MILLION BEING REQUESTED FOR STATEN ISLAND AND THE 95.4 MILLION FOR EVERETT WILL PROVIDE WATERFRONT AND SUPPORT FACILITIES NECESSARY TO

MEET THE 1988 INITIAL OPERATION CAPABILITY FOR THESE NEW PORTS. FUNDS FOR THE GULF COAST AND OTHER PACIFIC SITES WILL NOT BE REQUESTED UNTIL FISCAL YEAR 1988. YOUR CONTINUED SUPPORT OF THIS VERY IMPORTANT PROGRAM AND THE PROJECTS REQUESTED THIS YEAR IS APPRECIATED.

EARLE AND ALAMEDA PIERS

COMPLEMENTING THE MORE VISIBLE STRATEGIC HOMEPORTING PROGRAM IS OUR CONTINUING PROGRAM TO PROVIDE ADEQUATE BERTHING FACILITIES AT OUR EXISTING PORTS FOR OUR EXPANDING FLEET. MAJOR ITEMS IN THIS AREA ARE THE NEW $52.5 MILLION AMMUNITION PIER AND TRESTLE AT THE NAVAL WEAPONS STATION EARLE, NEW JERSEY AND A $17.7 MILLION BERTHING PIER AND UTILITY IMPROVEMENT PROJECT AT THE NAVAL AIR STATION ALAMEDA, CALIFORNIA. THE PIER AT EARLE WILL PROVIDE SAFE, LONG-TERM HOMEPORT BERTHING FOR THE ATLANTIC FLEET AOE'S (FAST COMBAT SUPPORT SHIPS). THERE ARE NO EXISTING PIERS ON THE EAST COAST THAT ARE CAPABLE OF BERTHING THE AOE'S WITHOUT SUBJECTING ADJACENT SHIPS AND PERSONNEL TO THE EXPLOSIVE HAZARD ARC PRODUCED BY THE AOE'S.

THE PIER IMPROVEMENTS AT ALAMEDA WILL PROVIDE A SAFE AND RELIABLE PIER FOR THE BERTHING OF THREE GUIDED MISSILE CRUISERS, A DESTROYER TENDER AND A MOBILE LOGISTIC SUPPORT SHIP BY IMPROVING THE STEAM AND POWER SERVICE AND MAKING NECESSARY PIER MODIFICATIONS.

QUALITY-OF-LIFE

THE NAVY AND MARINE CORPS CONTINUE TO ENHANCE THE QUALITY-OF-LIFE OF THEIR SAILORS AND MARINES BY PROVIDING THEM QUALITY QUARTERS AND COMMUNITY FACILITIES. THIS YEAR'S PROGRAM INCLUDES $236 MILLION FOR THIRTY-ONE PROJECTS THAT WILL PROVIDE 10,129 NEW AND MODERNIZED SPACES FOR OUR PERSONNEL.

TWENTY-SEVEN OF THESE PROJECTS FOR $221 MILLION PROVIDE 9,516 SPACES AT ACTIVITIES INSIDE THE UNITED STATES. EQUALLY IMPORTANT TO QUARTERS ARE THE COMMUNITY FACILITIES WHICH ARE

NECESSARY TO PROVIDE A WHOLESOME ENVIRONMENT FOR OUR PERSONNEL. THIS YEAR WE ARE REQUESTING NINE PROJECTS IN THIS CATEGORY FOR $15.9 MILLION INCLUDING TWO CHAPEL/RELIGIOUS EDUCATION FACILITIES; FOUR PHYSICAL FITNESS/INDOOR RECREATION FACILITIES; AND ONE CONSOLIDATED PERSONNEL SUPPORT FACILITY.

BRIGS

THIS YEAR'S PROGRAM INCLUDES FIVE NEW BRIGS FOR $47.4 MILLION WHICH WILL SUPPORT OUR NEW THREE TIER SYSTEM WHICH IS SCHEDULED TO BEGIN OPERATION IN 1989. THIS NEW SYSTEM WILL REPLACE AN INEFFICIENT SYSTEM COMPOSED OF EXISTING INADEQUATE FACILITIES BY:

1. ESTABLISHING 19 "WATERFRONT" BRIGS FOR PRISONERS WITH SENTENCES UP TO 30 DAYS
2. ESTABLISHING 3 CONSOLIDATED BRIGS FOR PRISONERS WITH SENTENCES FROM 30 DAYS TO ONE YEAR
3. USING NON-NAVY FACILITIES FOR PRISONER SENTENCES GREATER THAN ONE YEAR

THIS NEW SYSTEM WILL SAVE $50 MILLION ANNUALLY BY REDUCING THE CORRECTION STAFF-TO-INMATE RATIO, INCREASING THE NUMBER OF PERSONNEL RETURNED TO DUTY AND REDUCING CONSTRUCTION COSTS TO REPLACE THE EXISTING UNSAFE, INEFFICIENT FACILITIES. THREE OF THE PROJECTS ARE "WATERFRONT" BRIGS AT THE NAVAL AIR STATIONS JACKSONVILLE, FLORIDA; MEMPHIS, TENNESSEE; AND THE NAVAL STATION SEATTLE, WASHINGTON. THESE PROJECTS WERE DEFERRED BY CONGRESS LAST YEAR AND HAVE BEEN RESUBMITTED THIS YEAR AT A REDUCED SCOPE AND COST CONSISTENT WITH THE REQUIREMENTS OF THE NEW SYSTEM. THE TWO OTHER BRIGS ARE CONSOLIDATED BRIGS AT THE NAVAL WEAPONS STATION CHARLESTON, SOUTH CAROLINA AND THE NAVAL AIR STATION MIRAMAR, CALIFORNIA, WHICH ARE THE CORNERSTONES OF OUR NEW THREE TIER DISCIPLINARY SYSTEM.

TRAINING

WE ARE CONTINUING OUR PROGRAM TO PROVIDE MODERN TRAINING

FACILITIES NECESSARY TO BRING OUR SAILORS AND MARINES TO THE PROPER STATE OF READINESS TO MAN OUR SOPHISTICATED SHIPS, AIRCRAFT AND WEAPONS SYSTEMS. THIS YEAR WE ARE REQUESTING $142 MILLION FOR THIRTY-FIVE PROJECTS FOR NEW AND MODERNIZED TRAINING FACILITIES. OF THIS REQUEST $97 MILLION IS FOR FLEET OPERATIONAL TRAINING REQUIREMENTS, $13.5 MILLION FOR MARINE CORPS TRAINING AND $26.6 MILLION FOR NAVY ACADEMIC AND ACCESSION TRAINING NEEDS.

THIS YEAR'S REQUEST PROVIDES THE LAST OF THREE INCREMENTS OF CONSTRUCTION IN SUPPORT OF OUR ATTACK TRAINING FACILITY AT THE STRIKE WARFARE CENTER, NAVAL AIR STATION FALLON, NEVADA. THIS NEW CENTER WILL PROVIDE SIGNIFICANTLY IMPROVED TRAINING FOR OUR NAVY AND MARINE CORPS ATTACK PILOTS. OUR REQUEST OF $35.2 MILLION WILL PROVIDE ELECTRONIC WARFARE RANGE IMPROVEMENTS THAT WILL PROVIDE A REALISTIC HOSTILE THREAT ENVIRONMENT REPRESENTING WHAT IS LIKELY TO BE ENCOUNTERED IN A REAL LIFE ATTACK, LAND ACQUISITION TO REMOVE RESIDENTS FROM NOISE AND SAFETY HAZARDS CREATED BY THE INCREASED TRAINING OPERATIONS AND A PARALLEL RUNWAY THAT WILL INSURE SAFE TAKE-OFFS AND LANDINGS WITH THE INCREASED TEMPO OF OPERATIONS AT THE AIR STATION.

OVER-THE-HORIZON RADAR (ROTHR)

RADAR SUPPORT FACILITIES COSTING $24.4 MILLION ARE BEING REQUESTED FOR THE INITIAL FUNDING FOR THE NAVY'S OVER-THE-HORIZON RADAR (ROTHR) PROGRAM. THIS FIRST LAND BASED SITE LOCATED AT AMCHITKA, ALASKA WILL BE OUR FIRST FACILITY CAPABLE OF PROVIDING ESSENTIAL EARLY WARNING TO OUR SHIPS OF POSSIBLE ENEMY AIR OR SURFACE ACTION. THE PROGRAM IS BEING DEVELOPED IN CONJUNCTION WITH THE AIR FORCE, ENSURING NO DUPLICATION OF EFFORT.

TRIDENT

LAST YEAR WE REACHED A PEAK IN THE TRIDENT MILITARY

CONSTRUCTION PROGRAM WITH $299.3 MILLION BEING APPROPRIATED. WE ARE FINALLY ON THE DOWNHILL SIDE OF THE FUNDING PROFILE CURVE WITH THE REQUEST FOR THIS SIXTH YEAR BEING $177.8 MILLION. FUNDING FOR THE SEVENTEEN REQUESTED PROJECTS IS REQUIRED IN FISCAL YEAR 1987 TO MEET THE INITIAL OPERATING CAPABILITY OF 1989. THE MODERNIZATION OF THE SEA-BASED LEG OF OUR STRATEGIC TRIAD IS PROCEEDING WELL. THE DEVELOPMENT SCHEDULE OF THE TRIDENT II (D-5) MISSILE IS ON TRACK, MAINTAINING THE SCHEDULED INITIAL OPERATING CAPABILITY OF 1989.

NAPLES

LAST YEAR, CONGRESS APPROVED $7 MILLION TO CONSTRUCT NEW SUPPLY FACILITIES AT THE UNITED STATES MILITARY CANTONMENT OF THE CAPODICHINO MUNICIPAL AIRPORT IN NAPLES. THIS WAS THE NAVY'S FIRST INITIATIVE TO RELOCATE THE CROWDED, INADEQUATE FACILITIES IN NAPLES WHICH ARE ENDANGERED BY SEISMIC ACTIVITY AND ENCUMBERED WITH RISING LEASE COSTS. THIS YEAR, WE HAVE AN $18 MILLION PROJECT THAT REPRESENTS THE FIRST PHASE OF A PROGRAM TO ELIMINATE THIS UNTENABLE SITUATION BY RELOCATING THE MAJORITY OF THE FACILITIES TO A SITE NORTH OF NAPLES, MADE AVAILABLE TO THE UNITED STATES BY THE GOVERNMENT OF ITALY (GOI). THIS YEAR'S PROJECT PROVIDES THE BASE DEVELOPMENT INCLUDING UTILITIES, ROADS AND SITE IMPROVEMENTS FOR A SECURE COMMAND CONTROL COMMUNICATIONS AND INTELLIGENCE (C^3I) COMPLEX WHICH WILL BE REQUESTED IN A FUTURE YEAR.

FAMILY HOUSING

OUR TOTAL REQUEST THIS YEAR FOR FAMILY HOUSING IS $793 MILLION. THE PROGRAM REPRESENTS A BALANCE AMONG ACQUISITION, COST OF OWNERSHIP, HABITABILITY IMPROVEMENTS, MAINTENANCE AND REPAIR, IN ORDER TO PROVIDE THE MAXIMUM BENEFIT FOR OUR NAVY AND MARINE CORPS FAMILIES.

FUNDS REQUESTED FOR NEW CONSTRUCTION AND ACQUISITION OF FAMILY HOUSING AND MOBILE HOME SPACES ($177 MILLION) WILL

PERMIT THE CONSTRUCTION OF 1,688 UNITS OF FAMILY HOUSING AND 300 MOBILE HOME SPACES LOCATED AT SEVERAL SITES: THE NAVAL STATION LONG BEACH, CALIFORNIA; NAVAL AIR STATION MOFFETT FIELD, CALIFORNIA; NAVY PUBLIC WORKS CENTER, SAN FRANCISCO, CALIFORNIA; MARINE CORPS AIR-GROUND COMBAT CENTER, TWENTY-NINE PALMS, CALIFORNIA; NAVAL STATION NEW YORK, NEW YORK; NAVAL STATION KEFLAVIK, ICELAND; MARINE CORPS AIR-GROUND COMBAT CENTER, TWENTY-NINE PALMS, CALIFORNIA; MARINE CORPS BASE, CAMP PENDLETON, CALIFORNIA; MARINE CORPS BASE CAMP LEJEUNE, NORTH CAROLINA; AND MARINE CORPS DEVELOPMENT AND EDUCATION COMMAND, QUANTICO, VIRGINIA. THE FAMILY HOUSING CONSTRUCTION PROGRAM PLACES EMPHASIS ON LOCATIONS WITH LITTLE OR NO COMMUNITY HOUSING AVAILABLE FOR PURCHASE OR RENT.

THE FISCAL YEAR 1986 POST-ACQUISITION PROGRAM INCLUDES $51.6 MILLION FOR HABITABILITY IMPROVEMENTS TO EXISTING FAMILY HOUSING UNITS.

FUNDS IN THE AMOUNT OF $2 MILLION ARE REQUESTED FOR ARCHITECTURAL, ENGINEERING, AND CONSTRUCTION DESIGN SERVICES.

THE $563 MILLION REQUESTED FOR FAMILY HOUSING SUPPORT WILL PROVIDE FOR OPERATION AND MAINTENANCE, LEASING, AND DEBT PAYMENTS FOR THE NAVY AND MARINE CORPS IN FISCAL YEAR 1987. THE OPERATIONS REQUEST OF $263 IS HEAVILY INFLUENCED BY THE COST OF UTILITIES, NOW OVER 66 PERCENT OF THE OPERATING REQUIREMENT. FUNDS IN THE AMOUNT OF $268 MILLION FOR MAINTENANCE WILL PROVIDE FOR ROUTINE MAINTENANCE AND CONTINUED REDUCTION OF MAINTENANCE BACKLOG. FUNDS IN THE AMOUNT OF $22.5 MILLION FOR LEASING AND $9.1 MILLION FOR DEBT PAYMENTS COMPLETE OUR FAMILY HOUSING REQUEST.

IN AN EFFORT TO PROVIDE ADEQUATE HOUSING FOR OUR PEOPLE BY MEANS OTHER THAN NEW CONSTRUCTION, WE ARE CONTINUING TO PURSUE HOUSING THROUGH THE SECTION 801 PROGRAM. WE HAVE RECENTLY

AWARDED A SECTION 801 CONTRACT AT NORFOLK, VIRGINIA, TO HELP ELIMINATE SOME OF THE HOUSING DEFICIENCIES IN THAT AREA.

MILITARY CONSTRUCTION, NAVAL AND MARINE CORPS RESERVE

THIS YEAR WE ARE SUPPORTING OUR EXPANDING NAVAL AND MARINE CORPS RESERVES WITH A MILITARY CONSTRUCTION REQUEST OF $44.5 MILLION. THE NAVAL RESERVE IS EXPECTED TO GROW FROM 111,000 DRILLING RESERVISTS IN FISCAL YEAR 1985 TO 127,000 IN FISCAL YEAR 1987; AND THE MARINE CORPS RESERVE FROM 41,000 IN FISCAL YEAR 1985 TO 44,000 IN FISCAL YEAR 1987. ADEQUATE FACILITIES ARE ESSENTIAL FOR OUR RESERVISTS TO GROW IN STRENGTH AND ABILITY TO PLAY A GREATER ROLE IN OUR TOTAL FORCE.

THE $44.5 MILLION WE ARE REQUESTING THIS YEAR INCLUDES $37.7 MILLION FOR MAJOR PROJECTS, $1.5 MILLION FOR UNSPECIFIED MINOR CONSTRUCTION PROJECTS AND $5.3 MILLION FOR PROJECT DESIGN. THE MAJOR CONSTRUCTION PROGRAM INCLUDES 34 ESSENTIAL CONSTRUCTION PROJECTS IN 17 STATES THROUGHOUT THE COUNTRY. ALL OF THESE PROJECTS WILL PROVIDE FOR IMPROVED TRAINING, OPERATIONAL, MAINTENANCE, OR PERSONNEL SUPPORT FACILITIES WHICH WILL SUBSTANTIALLY IMPROVE THE READINESS OF OUR NAVAL AND MARINE CORPS RESERVISTS.

CONCLUSION

MR. CHAIRMAN, THIS YEAR'S MILITARY CONSTRUCTION REQUEST IS AN INTEGRAL ELEMENT IN OUR STRATEGY OF MARITIME SUPERIORITY. IT PROVIDES THE ESSENTIAL FACILITY SUPPORT FOR THE PERSONNEL, SHIPS, AIRCRAFT AND WEAPONS SYSTEMS WHICH HAVE ALREADY BEEN APPROVED BY CONGRESS AS COMPONENTS OF OUR STRATEGY. THE $2.65 BILLION REQUEST, WHICH IS ONLY 2.56 PERCENT OF THE TOTAL NAVY BUDGET, IS A VERY ESSENTIAL ELEMENT IN OUR OVERALL STRATEGY AND A RELATIVELY SMALL INVESTMENT IN ORDER TO INSURE THAT OUR SHIPS, AIRCRAFT AND WEAPONS SYSTEMS ARE EFFECTIVELY OPERATED AND MAINTAINED. MR. CHAIRMAN, WE URGE YOU TO TAKE INTO

CONSIDERATION THE UNIQUE NATURE OF MILITARY CONSTRUCTION WHEN REVIEWING THIS YEAR'S PROGRAM AND SEEK YOUR FAVORABLE CONSIDERATION OF THE REQUEST.

BIOGRAPHY
L. WAYNE ARNY, III
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (SHIPBUILDING AND LOGISTICS)

Mr. L. Wayne Arny became the Principal Deputy Assistant Secretary of the Navy for Shipbuilding and Logistics on 5 August 1984.

Mr. Arny is a 1964 graduate of the United States Naval Academy with a Bachelor of Science. He also holds a Masters Degree in International Relations from the Catholic University of America, and is a graduate of the Naval War College, the Navy Fighter Weapons School, and the Navy Test Pilot School.

He resigned from active duty in 1981 to become a professional staff member on the Committee on Armed Services of the U.S. Senate under its then new chairman, Senator John Tower (R-Texas). His principal responsibilities revolved around the new Sea Power and Force Projection Subcommittee under its Chairman, Senator William S. Cohen (R-Maine). He served the Committee until assuming his current position.

From 1964 to 1981, Mr. Arny served on active duty with the United States Navy. He spent two tours, one on each coast, in fighter squadrons flying the F-4 Phantom, and has been embarked on the carriers CORAL SEA, RANGER, and SARATOGA off Vietnam, in WESTPAC, and the Mediterranean. He is a Class 54 (1970) graduate of the Navy Test Pilot School and spent one tour with the Service Test Division of the Naval Air Test Center. Mr. Arny is also a 1976 graduate of the Naval War College and served as a systems analyst/long-range planner on the OPNAV staff from 1976-1979. He was a Fellow of the American Enterprise Institute in 1979 and a political-military analyst with the U.S. State Department in 1980. Mr. Arny continues his affiliation with the Navy by remaining active in the Naval Reserve where he was selected recently to the rank of Captain.

Mr. Arny was born on October 21, 1942, in Philadelphia, Pennsylvania. He resides in Alexandria, Virginia, with his wife Sydney and two sons, Skip and Matt.

FISCAL YEAR 1987 MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS
APPROPRIATION SUMMARY BY MAJOR CLAIMANT
(DOLLARS IN THOUSANDS)

Major Command	Budget Request	% of Program	Pollution Abate.	Energy Conservation
Inside the United States:				
US Marine Corps	261,900	10.1	1,720	
Space & Naval Warfare Systems Command	1,870	.1		
Chief of Naval Operations	40,120	1.5		
Commander in Chief, Atlantic Fleet	130,910	5.1	1,170	1,080
Commander in Chief, Pacific Fleet	346,575	13.3	3,950	210
Chief of Naval Education and Training	150,500	5.8	260	2,520
Naval Medical Command	2,360	.1		
Naval Oceanography Command	980	-		
Naval Telecommunications Command	3,830	.1		
Naval Security Group Command	16,170	.6		
Naval Supply Systems Command	25,270	.9	1,330	1,670
Naval Air Systems Command	75,240	2.9	1,360	2,450
Naval Facilities Engineering Command	63,810	2.5	2,370	400
Naval Sea Systems Command	154,460	5.9	2,950	
Office of the Chief of Naval Research	41,190	1.6		
Strategic Systems Project Office	177,840	6.8		
Subtotal, Inside the United States	1,493,025	57.3	(15,110)	(8,330)
Outside the United States:				
US Marine Corps	13,220	.5		
Commander in Chief, Atlantic Fleet	42,805	1.7		
Commander in Chief, Pacific Fleet	28,340	1.1		
Commander in Chief, U.S. Naval Forces Europe	47,920	1.8		
Naval Telecommunications Command	11,730	.5		
Naval Security Group Command	5,190	.2		
Naval Facilities Engineering Command	3,670	.1		2,100
Office of the Chief of Naval Research	3,730	.1		
Host Nation Infrastructure Support	300	-		
Subtotal, Outside the United States	156,905	6.0	(0)	(2,100)
Total	1,649,930	63.3	(15,110)	(10,430)
Unspecified Minor construction	15,000	.6		
Architectural & Engineering Services & Construction Design	143,770	5.5		
Access Roads	5,400	.2		
Total	1,814,100	69.6	(15,110)	(10,430)
Family Housing	792,913	30.4		
Grand Total	2,607,013	100.0		

SUMMARY OF FISCAL YEAR 1987 FAMILY HOUSING APPROPRIATIONS

Installation and Project	Requested Amount (Dollars in Thousands)	
Construction New Construction		
NS, Long Beach, CA:	300 units	22,900
NAS, Moffett Field, CA:	126 units	11,600
PWC, San Francisco, CA:	300 units	26,450
MCAGCC, Twentynine Palms, CA:	392 units	33,900
NS, New York, NY:	300 units	28,330
Various Locations:	300 mobile home sp	4,920
NS, Keflavik, IC:	250 units	48,642
Total	1,668 units	176,742
Post acquisition construction		
Construction improvements		51,580
Planning		2,000
Total appropriations request, construction		230,322
Operations and maintenance:		
Operating Expenses:		
Management account		(44,730)
Services account		(31,553)
Utilities account		(172,071)
Furnishing account		(14,124)
Miscellaneous account		(437)
Total operating expenses		262,915
Total maintenance account		268,146
Leasing		22,459
Domestic		(5,214)
Foreign		(17,245)
Debt payment		9,071
Principal		(8,613)
Interest payment family housing		(268)
Servicemen's mortgage insurance premiums for existing coverage		(190)
Total appropriations request O&M and debt payment		562,591
Total appropriations request, Construction, O&M and debt payment		792,913

PREPARED STATEMENT

REAR ADMIRAL J. P. JONES, JR., CEC, U. S. NAVY
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM REAR ADMIRAL J. P. JONES, JR., COMMANDER OF THE NAVAL FACILITIES ENGINEERING COMMAND. I APPRECIATE THE OPPORTUNITY TO REVIEW THE NAVY'S MILITARY CONSTRUCTION REQUEST FOR FISCAL YEAR 1987 WITH YOU. BRIGADIER GENERAL J. P. HOAR, UNITED STATES MARINE CORPS, WILL REVIEW THE MARINE CORPS PORTION OF THE REQUEST.

PROGRAM MANAGEMENT

BEFORE I REVIEW THIS YEAR'S REQUEST WITH YOU, I WOULD LIKE TO BRIEFLY DISCUSS OUR MANAGEMENT OF THE NAVY'S MILITARY CONSTRUCTION PROGRAM. LAST YEAR, I ADVISED THE COMMITTEE THAT OUR EXECUTION OF THE FISCAL YEAR 1985 PROGRAM WAS PROCEEDING WELL AND THAT WE EXPECTED LITTLE OR NO SAVINGS IN OUR PROGRAM BECAUSE OF OUR "LEAN" COST ESTIMATES AND THE "LESS HUNGRY" CONSTRUCTION MARKET. I FURTHER ADVISED THE COMMITTEE THAT I FELT THIS WAS THE BEST POSITION TO BE IN, AS IT GIVES US THE MAXIMUM AMOUNT OF URGENTLY REQUIRED FACILITIES WITHIN BUDGET LIMITATIONS, ALLOWING VALUABLE DOLLARS TO BE UTILIZED IN THE MOST TIMELY MANNER. THIS YEAR, HOWEVER, OUR POSITION IS NOT AS FAVORABLE. DUE TO OUR "LEAN" COST ESTIMATES, THE LATE ENACTMENT OF THE FISCAL YEAR 1986 BILL, GENERAL REDUCTIONS, PROJECT COST REDUCTIONS AND GRAMM-RUDMAN-HOLLINGS ACT REDUCTIONS; PROJECT EXECUTION IS NOT PROCEEDING IN THE MOST TIMELY AND COST EFFECTIVE MANNER AND IT HAS BEEN NECESSARY TO INITIATE ADDITIONAL COSTLY MANAGEMENT EFFORTS TO EXECUTE THE AUTHORIZED PROGRAM WITHIN THE TOTAL FUNDS AVAILABLE. WE ARE, IN MANY CASES, REWORKING; AND IN SOME CASES, REDESIGNING AUTHORIZED PROJECTS TO ACCOMPLISH THIS. NOT ONLY DOES AN EFFORT SUCH AS THIS TAKE AWAY RESOURCES THAT SHOULD BE DEVOTED AT THIS TIME TO THE FISCAL YEAR 1987 AND FUTURE YEAR DESIGN EFFORTS, BUT WILL RESULT IN ADDITIONAL CONSTRUCTION DELAYS WHICH INCLUDE INHERENT INFLATIONARY COST INCREASES.

THE FISCAL YEAR 1987 PROGRAM HAS ALSO BEEN REVIEWED TO ENSURE THAT COSTS REFLECT THOSE THAT WILL GIVE US THE MAXIMUM AMOUNT OF FACILITIES FOR THE DOLLAR BASED ON THE EXPECTED MARKET CONDITIONS. DESIGN OF THE PROJECTS IN THE PROGRAM ARE WELL ON THEIR WAY, AND I AM PROCEEDING WITH EXTENSIVE MANAGEMENT EFFORTS TO ENSURE EARLY AWARDS OF BOTH THE FISCAL YEAR 1987 AND THE FISCAL YEAR 1986 PROJECTS.

MILITARY CONSTRUCTION

THIS YEAR'S NAVY AND MARINE CORPS MILITARY CONSTRUCTION REQUEST OF $1.8 BILLION REPRESENTS A 13 PERCENT DECREASE FROM THE $2.1 BILLION REQUESTED LAST YEAR AND A 6.4 PERCENT INCREASE FROM THE $1.7 BILLION APPROPRIATED. EXCLUDING THE MARINE CORPS, THE NAVY REQUEST IS $1.51 BILLION WHICH IS A 17.4 PERCENT DECREASE FROM THE $1.82 BILLION REQUESTED LAST YEAR AND A 3.1 PERCENT INCREASE FROM THE $1.46 BILLION APPROPRIATED. AS IN THE PAST YEARS, THIS MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST WAS DEVELOPED IN CONJUNCTION WITH OTHER NAVY AND MARINE CORPS REQUIREMENTS IN ORDER TO PROVIDE THE OPTIMUM MIX OF APPROPRIATIONS NECESSARY TO SUPPORT OUR STRATEGY OF MARITIME STRENGTH. THE REQUEST INCLUDES A BALANCED PROGRAM SUPPORTING BOTH NEW AND EXISTING MISSIONS, WITH EMPHASIS BEING PLACED ON PROVIDING FACILITIES THAT PROMOTE PERSONNEL AND MATERIAL READINESS, ENHANCE PRODUCTIVITY, IMPROVE MORALE AND WELFARE, AND CONTRIBUTE TO THE RETENTION OF PERSONNEL. AS HAS BEEN THE CASE IN PREVIOUS YEARS, THE VAST MAJORITY OF OUR PROGRAM (90.5

PERCENT) IS FOR PROJECTS INSIDE THE UNITED STATES WITH ONLY 9.5 PERCENT BEING FOR OVERSEAS PROJECTS.

NEW MISSIONS

OUR REQUEST FOR NEW MISSIONS INCLUDES $506 MILLION FOR CONSTRUCTION SUPPORTING THE MODERNIZATION OF OUR FORCES BY THE INTRODUCTION OF NEW WEAPONS SYSTEMS AND OTHER NEW INITIATIVES. A LARGE PORTION OF THIS REQUEST IS IN SUPPORT OF THE TRIDENT SUBMARINE AND THE NEW TRIDENT II (D-5) WEAPON SYSTEM. THE SEVENTEEN PROJECTS INCLUDED IN THE $177.8 MILLION REQUEST THIS YEAR FOR TRIDENT MUST BE STARTED IN EARLY FISCAL YEAR 1987 TO MEET THE PLANNED INITIAL OPERATING CAPABILITY FOR THE TRIDENT II (D-5) SYSTEM AT KINGS BAY, GEORGIA, IN 1989. CONSIDERING THE TIME REQUIRED FOR CONSTRUCTION AND EQUIPMENT INSTALLATION AND CHECK OUT, IT IS ESSENTIAL THAT THE TRIDENT PROJECTS IN THIS REQUEST BE APPROVED TO ENSURE TIMELY FACILITY SUPPORT OF THE TRIDENT II SYSTEM AND THE PRESIDENT'S STRATEGIC MODERNIZATION PLAN. THE TRIDENT REQUEST FOR THIS SIXTH YEAR OF MILITARY CONSTRUCTION IS SUBSTANTIALLY LESS THAN THE $299.3 MILLION APPROVED LAST YEAR. OUR KINGS BAY PROGRAM WILL NOW BE DECREASING EACH YEAR AS THE 1989 IOC APPROACHES. MAJOR ITEMS IN THIS YEAR'S REQUEST INCLUDE THE CONTINUATION OF FUNDING FOR THE DRYDOCK ($45.5 MILLION), DREDGING ($50.4 MILLION), AND STRATEGIC WEAPONS MAGAZINES ($16.7 MILLION), AS WELL AS FUNDING FOR THE SECOND REFIT WHARF ($23.5 MILLION).

IN ADDITION TO THE TRIDENT PROJECTS, WE ARE REQUESTING FUNDS IN THE SUPPORT OF OTHER NEW WEAPONS SYSTEMS COMING ON LINE SUCH AS THE AEGIS SHIP COMBAT SYSTEMS ($19.1 MILLION), AV-8B HARRIER AIRCRAFT ($21.6 MILLION), AND FA-18 AIRCRAFT ($3.7 MILLION).

IN THIS YEAR'S PROGRAM WE HAVE INCLUDED OUR SECOND INCREMENT OF FUNDING FOR OUR STRATEGIC HOMEPORTING INITIATIVE AT THE NEW HOMEPORT SITES AT EVERETT, WASHINGTON, AND STATEN

ISLAND, NEW YORK. THE $62.2 MILLION BATTLESHIP SUPPORT COMPLEX PROJECT AT STATEN ISLAND WILL PROVIDE A SHORE INTERMEDIATE MAINTENANCE ACTIVITY, SUPPLY WAREHOUSE, BACHELOR ENLISTED AND OFFICER QUARTERS, MESS HALL AND UTILITIES AND SITE IMPROVEMENTS IN SUPPORT OF THE SURFACE ACTION GROUP SCHEDULED TO BEGIN ARRIVING IN 1988. AT EVERETT, WE ARE REQUESTING $95.4 MILLION FOR A PIER, DREDGING AND BREAKWATER, SHORELINE AND SEAWALL IMPROVEMENTS, UTILITIES AND SITE IMPROVEMENTS, AND LAND ACQUISITION IN SUPPORT OF THE CARRIER BATTLEGROUP WHICH IS ALSO SCHEDULED TO START ARRIVING IN 1988. THE DESIGN OF THE FISCAL YEAR 1987 CONSTRUCTION PROJECTS IS COMPLETE AND THE 1987 PROJECTS WILL BE COMPLETE PRIOR TO FISCAL YEAR 1987, MAKING IT POSSIBLE TO COMPLETE CONSTRUCTION IN TIME TO MEET THE 1988 INITIAL OPERATING CAPABILITY DATES.

ALSO IN THE AREA OF NEW INITIATIVES, THE REQUEST INCLUDES THE FIRST PROJECT IN SUPPORT OF OUR OVER-THE-HORIZON RADAR PROGRAM. THE $24.4 MILLION PROJECT AT AMCHITKA, ALASKA, WILL BE OUR FIRST LAND BASED FACILITY CAPABLE OF PROVIDING EARLY WARNING TO OUR SHIPS OF POSSIBLE AIR SURFACE ENEMY ACTION. OUR PROGRAM ALSO INCLUDES $28.8 MILLION FOR THE THIRD AND FINAL INCREMENT OF FUNDING FOR THE STRIKE WARFARE CENTER AT THE NAVAL AIR STATION FALLON, NEVADA; $27.1 MILLION FOR FACILITIES IN ICELAND; $6.3 MILLION FOR SEALIFT SUPPORT; AND $10.1 MILLION FOR DIRECT IMPROVEMENT AND OTHER PHYSICAL SECURITY.

PERSONNEL READINESS

THIS YEAR'S MILITARY CONSTRUCTION PROGRAM WILL GREATLY INCREASE THE READINESS OF OUR PERSONNEL BY PROVIDING OUR PEOPLE MODERN FACILITIES WHICH IMPROVE THEIR QUALITY-OF-LIFE AND TRAINING. ADEQUATE QUALITY-OF-LIFE FACILITIES SUCH AS BACHELOR QUARTERS, MORALE, WELFARE AND RECREATION FACILITIES AND RELIGIOUS FACILITIES ARE ESSENTIAL FOR THE RETENTION OF NAVY AND MARINE CORPS PERSONNEL AND THE ENHANCEMENT OF PERSONNEL

READINESS. THIS YEAR'S NAVY PROGRAM FOR QUALITY-OF-LIFE PROJECTS IN THE AMOUNT OF $169 MILLION CONSTITUTES A SOUND INVESTMENT THAT WILL BE QUICKLY AMORTIZED BY THE RETENTION OF KEY PERSONNEL. THE REQUEST INCLUDES TWENTY-THREE NAVY BACHELOR QUARTERS PROJECTS IN THE AMOUNT OF $159 MILLION THAT WILL PROVIDE 5,855 NEW AND MODERNIZED SPACES FOR OUR PEOPLE. THE NAVY IS CONTINUING ITS EFFORTS TO ENHANCE THE QUALITY-OF-LIFE OF ITS MEMBERS BY EXPANDING ITS RELIGIOUS AND PHYSICAL FITNESS PROGRAMS. THIS YEAR'S REQUEST SEEKS AUTHORIZATION FOR FOUR CHAPELS AND RELIGIOUS EDUCATION FACILITIES, TWO PHYSICAL FITNESS CENTERS AND ONE CONSOLIDATED PERSONNEL SUPPORT FACILITY.

PERSONNEL READINESS SHOULD ALSO BE ENHANCED WHEN OUR NEW THREE TIER BRIG SYSTEM IS PUT INTO OPERATION IN 1989. THIS SYSTEM WILL REPLACE AN INEFFICIENT SYSTEM COMPOSED OF INADEQUATE FACILITIES. FUNDS FOR $47.4 MILLION HAVE BEEN REQUESTED THIS YEAR FOR THE FIRST NEW BRIGS TO BE CONSTRUCTED UNDER THIS PROGRAM. THE TWO CONSOLIDATED BRIGS AT THE NAVAL WEAPONS STATION CHARLESTON, SOUTH CAROLINA, AND THE NAVAL AIR STATION MIRAMAR, CALIFORNIA, WILL BE USED FOR PRISONERS WITH SENTENCES FROM THIRTY DAYS TO ONE YEAR AND ARE THE CORNERSTONES OF OUR NEW THREE TIER DISCIPLINARY SYSTEM. THE REMAINING THREE PROJECTS ARE FOR "WATERFRONT" BRIGS AT THE NAVAL AIR STATIONS JACKSONVILLE, FLORIDA, AND MEMPHIS, TENNESSEE, AND THE NAVAL STATION SEATTLE, WASHINGTON. THE PROJECTS WERE DISAPPROVED BY CONGRESS LAST YEAR AND HAVE BEEN RESUBMITTED THIS YEAR AT REDUCED SCOPES AND COSTS CONSISTENT WITH THE REQUIREMENTS OF THE NEW SYSTEM. THE NEW BRIG PROGRAM WILL CONSIST OF 19 "WATERFRONT" BRIGS AND THREE CONSOLIDATED BRIGS WITH NON-NAVY FACILITIES BEING USED FOR PRISONERS WITH SENTENCES GREATER THAN ONE YEAR.

IT IS IMPORTANT TO PROVIDE MODERN TRAINING FACILITIES TO BRING OUR PERSONNEL TO THE PROPER STATE OF READINESS REQUIRED

TO MAN OUR COMPLEX SHIPS AND WEAPONS. IN ORDER TO IMPROVE READINESS TRAINING, WE ARE REQUESTING $123.1 MILLION FOR TRAINING PROJECTS. THESE FUNDS WILL BE LARGELY UTILIZED TO MODERNIZE, EXPAND AND PROVIDE NEW TRAINING FACILITIES TO THE PROPER SIZE AND CONFIGURATION REQUIRED FOR REALISTIC TRAINING ON EQUIPMENT CORRESPONDING TO OUR LATEST SHIPS AND WEAPONS SYSTEMS.

MATERIAL READINESS

MATERIAL READINESS IS IMPROVED THROUGH OUR MILITARY CONSTRUCTION PROGRAM BY THE CONSTRUCTION OF FACILITIES THAT SUPPORT THE REPAIR, MAINTENANCE AND SERVICING OF OUR SHIPS, AIRCRAFT AND EQUIPMENT, ENSURING THAT THEY ARE FULLY COMBAT READY AND MISSION CAPABLE. IN THIS YEAR'S REQUEST WE HAVE $203 MILLION FOR THIRTY-THREE NEW AND MODERNIZED FACILITIES AT OUR NAVAL ACTIVITIES THROUGHOUT THE WORLD PROVIDING THE PROPER LEVEL OF MAINTENANCE REQUIRED FOR OUR WEAPONS SYSTEMS. THREE OF THE LARGER PROJECTS IN THIS CATEGORY ARE THE DRYDOCK AT THE NAVAL SUBMARINE BASE KINGS BAY, GEORGIA, AND AN AIRCRAFT REWORK FACILITY AND AN AIRCRAFT ENGINE BLADE REWORK FACILITY AT THE NAVAL AIR REWORK FACILITY, CHERRY POINT, NORTH CAROLINA. THE $45.4 MILLION DRYDOCK PROJECT PROVIDES THE SECOND INCREMENT OF FUNDING TO ACCOMMODATE THE OHIO CLASS SUBMARINE AT KINGS BAY. AT CHERRY POINT THE $21.6 MILLION AIRCRAFT REWORK FACILITY WILL PROVIDE A MODERN FACILITY WITH FULL CAPABILITY FOR THE REPAIR AND MANUFACTURE OF COMPONENTS IN THE AV-8B AIRCRAFT AND OTHER WEAPONS SYSTEMS WHILE THE $15.6 MILLION AIRCRAFT ENGINE BLADE REWORK FACILITY WILL PROVIDE THE CAPABILITY TO RESTORE DAMAGED AIRCRAFT, ENGINE BLADES AND VANES TO A REUSABLE CONDITION. SAVINGS FROM THE BLADE REWORK IS EXPECTED TO PAY BACK THE INVESTMENT ONE YEAR AFTER WE BEGIN OPERATION. CONTRIBUTING TO MATERIAL READINESS AS WELL AS THE SUSTAINABILITY OF OUR FORCES ARE $86 MILLION FOR WATERFRONT SUPPORT PROJECTS, $83 MILLION

FOR PROJECTS THAT SUPPORT SHIPYARD MODERNIZATION, AND $94 MILLION FOR FLEET SUPPORT OF OUR INDUSTRIAL BASE AT OUR NAVAL SUPPLY CENTERS, PUBLIC WORKS CENTERS, NAVAL WEAPONS STATIONS AND NAVAL MAGAZINES.

MAJOR WATERFRONT SUPPORT PROJECTS INCLUDE THE NEW $52.5 MILLION AMMUNITION PIER AND TRESTLE AT THE NAVAL WEAPONS STATION EARLE, NEW JERSEY, THAT WILL PROVIDE SAFE, LONG-TERM BERTHING FOR OUR ATLANTIC FLEET AOE'S (FAST COMBAT SUPPORT SHIPS); AND THE $17.7 MILLION BERTHING PIER AND UTILITY IMPROVEMENT PROJECT AT THE NAVAL AIR STATION ALAMEDA, CALIFORNIA, THAT WILL PROVIDE ADEQUATE BERTHING AND UTILITY SUPPORT FOR FIVE SHIPS HOMEPORTED AT THE STATION. IN OUR SHIPYARD MODERNIZATION PROGRAM WE ARE REQUESTING PROJECTS SUCH AS THE NEW ENGINEERING MANAGEMENT BUILDING ($10.9 MILLION) AT THE NAVAL SHIPYARD PORTSMOUTH, NEW HAMPSHIRE, WHICH WILL PROVIDE FOR MORE EFFICIENT AND EXPEDITIOUS SERVICE FOR OUR COMPLEX SSN-688 CLASS SUBMARINE OVERHAULS. OUR $45.8 MILLION PROGRAM FOR PUBLIC WORKS CENTERS INCLUDES SIX UTILITY SYSTEM IMPROVEMENTS PROJECTS SUCH AS THE ELECTRICAL DISTRIBUTION IMPROVEMENTS PROJECT AT PEARL HARBOR, HAWAII, WHICH WILL ENSURE THAT ADEQUATE EMERGENCY ELECTRIC POWER IS AVAILABLE FOR CRITICAL LOADS SO THAT SHIPYARD OPERATIONS WILL BE ABLE TO CONTINUE WITHOUT SIGNIFICANT INTERRUPTION.

FAMILY HOUSING

OUR TOTAL REQUEST THIS YEAR FOR FAMILY HOUSING IS $793 MILLION. THE PROGRAM REPRESENTS A BALANCE AMONG ACQUISITION, COST OF OWNERSHIP, HABITABILITY IMPROVEMENTS, MAINTENANCE AND REPAIR, IN ORDER TO PROVIDE THE MAXIMUM BENEFIT FOR OUR NAVY AND MARINE CORPS FAMILIES.

FUNDS REQUESTED FOR NEW CONSTRUCTION AND ACQUISITION OF FAMILY HOUSING AND MOBILE HOME SPACES ($177 MILLION) WILL

PERMIT THE CONSTRUCTION OF 1,688 UNITS OF FAMILY HOUSING AND 300 MOBILE HOME SPACES LOCATED AT SEVERAL SITES: THE NAVAL STATION LONG BEACH, CALIFORNIA; NAVAL AIR STATION MOFFETT FIELD, CALIFORNIA; NAVY PUBLIC WORKS CENTER, SAN FRANCISCO, CALIFORNIA; MARINE CORPS AIR-GROUND COMBAT CENTER, TWENTY-NINE PALMS, CALIFORNIA; NAVAL STATION NEW YORK, NEW YORK; AND NAVAL STATION KEFLAVIK, ICELAND; MARINE CORPS AIR-GROUND COMBAT CENTER, TWENTY-NINE PALMS, CALIFORNIA; MARINE CORPS BASE, CAMP PENDLETON, CALIFORNIA; MARINE CORPS BASE CAMP LEJEUNE, NORTH CAROLINA; AND MARINE CORPS DEVELOPMENT AND EDUCATION COMMAND, QUANTICO, VIRGINIA. THE FAMILY HOUSING CONSTRUCTION PROGRAM PLACES EMPHASIS ON LOCATIONS WITH LITTLE OR NO COMMUNITY HOUSING AVAILABLE FOR PURCHASE OR RENT.

THE FISCAL YEAR 1986 POST-ACQUISITION PROGRAM INCLUDES $51.6 MILLION FOR HABITABILITY IMPROVEMENTS TO EXISTING FAMILY HOUSING UNITS.

FUNDS IN THE AMOUNT OF $2 MILLION ARE REQUESTED FOR ARCHITECTURAL, ENGINEERING, AND CONSTRUCTION DESIGN SERVICES.

THE $563 MILLION REQUESTED FOR FAMILY HOUSING SUPPORT WILL PROVIDE FOR OPERATION AND MAINTENANCE, LEASING, AND DEBT PAYMENTS FOR THE NAVY AND MARINE CORPS IN FISCAL YEAR 1987. THE OPERATIONS REQUEST OF $263 IS HEAVILY INFLUENCED BY THE COST OF UTILITIES, NOW OVER 66 PERCENT OF THE OPERATING REQUIREMENT. FUNDS IN THE AMOUNT OF $268 MILLION FOR MAINTENANCE WILL PROVIDE FOR ROUTINE MAINTENANCE AND CONTINUED REDUCTION OF MAINTENANCE BACKLOG. FUNDS IN THE AMOUNT OF $22.5 MILLION FOR LEASING AND $9.1 MILLION FOR DEBT PAYMENTS COMPLETE OUR FAMILY HOUSING REQUEST.

IN AN EFFORT TO PROVIDE ADEQUATE HOUSING FOR OUR PEOPLE BY MEANS OTHER THAN NEW CONSTRUCTION, WE ARE CONTINUING TO PURSUE HOUSING THROUGH THE SECTION 801 PROGRAM. WE HAVE RECENTLY

AWARDED A SECTION 801 CONTRACT AT NORFOLK, VIRGINIA, TO HELP ELIMINATE SOME OF THE HOUSING DEFICIENCIES IN THAT AREA.

SUMMARY CONCLUSION

THIS IS A PROGRAM THAT PLACES HIGH PRIORITY ON READINESS AND SUSTAINABILITY OF OUR FORCES AND INSURES A TIMELY RESPONSE TO THE NEEDS OF NEW WEAPONS SYSTEMS NOW BEING INTRODUCED INTO THE FLEET. EACH OF THE PROJECTS IN THIS BUDGET REQUEST HAS SURVIVED THE CLOSEST SCRUTINY OF ITS COST OF OWNERSHIP AND ITS CONTRIBUTION TO THE MISSIONS OF THE NAVY. WE URGE YOUR FAVORABLE CONSIDERATION OF THE NAVY'S FISCAL YEAR 1987 MILITARY CONSTRUCTION APPROPRIATIONS REQUEST. I WELCOME ANY QUESTIONS THAT YOU MIGHT HAVE.

REAR ADMIRAL JOHN PAUL JONES, JR.
CIVIL ENGINEER CORPS, U. S. NAVY

Rear Admiral John Paul Jones, Jr., CEC, USN, assumed duty as Commander, Naval Facilities Engineering Command, and Chief of Civil Engineers during ceremonies on August 31, 1984. He moved into his new assignment from duty as the Vice Commander, Naval Facilities Engineering Command, and Deputy Chief of Civil Engineers.

Rear Admiral Jones graduated from the U. S. Naval Academy and was commissioned an Ensign, U. S. Navy, in 1954. His first Navy duty was as a line officer aboard the USS Calvert (APA 32). Rear Admiral Jones attended Rensselaer Polytechnic Institute where he received a Bachelor of Science degree in civil engineering and transferred to the Civil Engineer Corps in August 1957.

The Public Works Center, Guantanamo Bay, Cuba, was Rear Admiral Jones' first duty as a Civil Engineer Corps officer. He spent two years on the island before returning to the U. S. For the next four years, he served in the south Texas area, first as Public Works Officer, Naval Auxiliary Air Station, Port Isabel, and then on the staff of Commander, Naval Air Advance Training Command, Corpus Christi.

In June 1963, Rear Admiral Jones moved to his first Seabee assignment. For the next two years, he was Operations Officer and then Executive Officer, Naval Mobile Construction Battalion Four. In 1964, he became Officer in Charge of the Presidential retreat at Camp David, Thurmont, MD.

Duty as Commanding Officer, Naval Mobile Construction Battalion Sixty-Two, Gulfport, MS, and as head of the Facilities Acquisition Department, Southern Division, Naval Facilities Engineering Command, in Charleston, SC, followed. From there, he moved to duty as the Assistant Commander for Construction, Naval Facilities Engineering Command headquarters, Alexandria, VA, and then to Commander, Naval Construction Battalions, U. S. Atlantic Fleet, Norfolk, VA.

Rear Admiral Jones was Commanding Officer, Western Division, Naval Facilities Engineering Command, San Bruno, CA, when the President approved his selection to the rank of Rear Admiral. From the Western Division, he moved to duty as Vice Commander and Deputy

Chief at Naval Facilities Engineering Command headquarters in July 1981.

Rear Admiral Jones' awards include the Legion of Merit with Combat "V" and Gold Star in lieu of a second award, the Bronze Star Medal with Combat "V," and the Meritorious Service Medal with Gold Star.

Rear Admiral Jones holds a Master of Science in Civil Engineering from Stanford University and attended the U. S. Naval War College in Newport, RI. He is a member of The Society of American Military Engineers, the Naval Institute, and the American Society of Civil Engineers. He is a registered professional engineer in the Commonwealth of Virginia.

He is married to the former Wynelle (Winkie) Fender of Brunswick, GA. They have three children: John Paul, III; Julie, and Karen.

PREPARED STATEMENT

REAR ADMIRAL FRANCIS NEALE SMITH, U. S. NAVAL RESERVE
DEPUTY DIRECTOR NAVAL RESERVE

Mr. Chairman and Members of the Committee

It is my pleasure to appear before this committee to present the Fiscal Year 1987 Military Construction, Naval Reserve budget request. The Navy has been designated by the Department of Defense as sponsor of this appropriation which funds: Naval Reserve, Marine Corps Reserve, and joint Naval and Marine Corps Reserve construction requirements.

The Naval and Marine Corps Reserve continues to grow in strength and ability to play a greater role in the Total Force. With Congressional support, the Naval Reserve achieved an end strength of 110,989 drilling Reservists in FY 85, a growth of almost 8,500 over the prior year. During fiscal year 1986, we are projecting a further increase to 118,209; and by the end of FY 87, we anticipate attaining 127,328 drilling Naval Reservists. By then, the Naval Reserve will have grown by 25% over a four-year period.

Historically, the Naval Reserve has depended on returning veterans to fill its ranks. However, we can no longer meet our requirements from that source. The new Sea and Air Mariner, or SAM, program has been successful in providing non-prior service junior enlisted personnel for the Navy's Selected Reserve. We recruited our full quota of 10,000 SAMs for the past two fiscal years.

The Marine Corps Reserve has also shown significant growth in the early 1980's. The Selected Marine Corps Reserve is organized into the 4th Marine Division, the 4th Marine Aircraft Wing and the 4th Force Service Support Group. These Reserve units comprise about one-quarter of the structure, i.e., 40% of the tanks, 33% of the heavy artillery, 30% of the light attack aviation, and 14% of the helicopters of the total Marine force. The end strength of the Selected Marine Corps Reserve was 41,586 for FY-85 and is projected to be 44,400 for FY 87, a growth of 6.7% over a two- year period.

With the increased number of Reservists, the acquisition of new equipment, and the expansion of the Naval and Marine Corps Reserve missions, increasing demands are being made on existing facilities, and new facility requirements are being generated. Our mission is to provide, upon mobilization, "trained vice trainable" Selected Reservists. Unlike the regular Navy, which can concentrate its people, facilities, and training activities in homeports, the Naval Surface Reserve must take most of its training to its people at 234 Naval Reserve Centers across the nation.

To properly train and support Reserve personnel for mobilization, the Naval and Marine Corps Reserve has a substantial investment in facilities. Despite a selected reduction in the number of Reserve facilities from over 400 in 1973 to 273 in 1986, the construction backlog has grown from $251 million in FY 81 to a projected $732 million in FY 87. This equates to almost 30% of the Current Plant Value (CPV) of Naval Reserve facilities, a total of almost $2.5 billion.

As addressed to Congress in previous years, most of our facilities were constructed in the 1940's and early 50's. Four of our six Naval Air Stations (NAS) are World War II air stations designed and constructed for "duration of the war" only. These facilities are undergoing block obsolescence, and many of them are rapidly deteriorating. A significant number of Surface Reserve centers are wooden frame or pre-engineered structures dating from the 1940's. Many are Quonset hut or semi-permanent construction and do not permit the installation of modern, sophisticated training equipment. These old facilities consume valuable O&MNR resources on maintenance, breakdown repair, and excessive utility consumption. Currently, 99 of the 234 Reserve centers and facilities, or 42%, are considered substandard and in need of replacement or alteration. The lack of adequate facilities impacts adversely on the pride and performance of Reserve units. Substandard facilities preclude optimum training, inhibit retention efforts, and eventually impact mobilization readiness. We must remember that Reservists are volunteers; they do not depend on the Navy for their livelihood, and most can leave the Selected Reserve at any time.

The greatest challenge in the Naval Reserve over the next five years will be implementing the training strategy for the Surface Reserve which will grow from 83,000 to 104,000. The Readiness Center concept is the training strategy designed to accommodate this growth without an increase in number of facilities. Under this new concept the training capability will be upgraded at selected larger centers which will be designated Readiness Centers. This will provide intermediate level training between local Reserve center training and that available at gaining commands and fleet facilities. Establishing Readiness Centers by expanding training facilities at selected locations is the key to accommodating the growth of the Surface Reserve without constructing numerous additional buildings. We are making every effort to make maximum use of existing facilities; but recognizing our tremendous backlog, their deteriorating condition dictates that we start replacing obsolete facilities in order to provide adequate operational, maintenance, training, administrative, and personnel support facilities to properly train our Reserve personnel for mobilization.

The Naval Air Reserve is an integral part of Naval Aviation. One-third of our Anti-Submarine Warfare Patrol aircraft (VP) squadrons are in the Reserve Force, and they operate side by side with active force squadrons. The viability and readiness of our two Carrier Air Wings have been greatly enhanced by rapid aircraft modernization. Carrier Air Wing Thirty recently demonstrated its high level of readiness during a two-week Active Duty for Training (ACDUTRA) period aboard the USS RANGER using advanced battle tactics in both day and night operations. Naval Reserve aircrews augment fleet replacement squadrons as instructors, provide service to fleet units on adversary and target presentation missions, and furnish fleet logistics air support within the continental United States. The 4th Marine Aircraft Wing provides the critical tactical air support capability to the 4th Marine Division and provides similar training, adversary, target, and logistical support to the active force. Marine Corps Reserve squadrons have assumed contingency responsibilities while active squadrons are transitioning to the F/A 18 and AV-8B aircraft. Almost 50% of all Marine Corps Reserve missions flown in FY 85 by the 4th Marine Air Wing were in support of the regular forces, including the exercises "Team Spirit" in Korea, "Snake Hunter" in the Caribbean, "Brim Frost" in Alaska, and "Maple Flag" in Canada.

The Naval and Marine Corps Reserve, Military Construction request totals $44.5 million. It is comprised of three parts: $37.7 million for major projects, including $5.3 million for specific minor construction projects under $400,000 each; $1.5 million for unspecified minor construction projects costing less than $400,000 each; and $5.3 million for project design. In the design area, additional funds are being requested to provide for attainment of a 65% design requirement in November 1987 for the FY 89 budget.

The Naval and Marine Corps Air Reserve portion of our FY 87 program includes: two projects at NAS Glenview, IL and one project each at NAS New Orleans, LA; NAS Willow Grove, PA; NAS Dallas, TX; and NAR Whidbey Island, WA. These aviation projects are necessary to upgrade our old aviation facilities in order to meet the modern standards required to accomplish today's missions and support the new aircraft that are now coming into our Reserve forces. The projects for approach lighting systems at NAS Dallas, TX and NAS New Orleans, LA will construct precision approach visual navigational aids that will provide constant, reliable aircraft operations. The projects for aircraft maintenance hangars at Naval Air Station Willow Grove, PA and Naval Air Reserve Whidbey Island, WA will provide new hangar facilities to allow the efficient maintenance and repair of assigned aircraft in a safe and controlled environment. These new hangars will replace dilapidated WWII hangars that have outlived their economic and useful life and are an impediment to safe aircraft maintenance and operations. The Aviation Technical Training Building project at NAS Glenview, IL will replace existing WWII semi-permanent structures and provide an efficient facility designed to meet the training needs of two VP squadrons, one VR squadron, one Marine air group and twenty other smaller Naval Reserve units. The parking apron project at NAS Glenview will provide an additional aircraft parking apron and taxiway to support the new KC-130 aircraft assigned to Marine Air Control Group Forty-Eight. Fifteen aircraft are presently using the ramp designed for six aircraft under a ground operations safety waiver.

On the Naval Surface Reserve side, the two largest projects are new Reserve training buildings at both Armed Forces Reserve Center Saginaw, MI and Naval and Marine Corps Reserve Center Youngstown, OH. These new buildings will replace 36 year-old buildings of semi-permanent (Quonset hut) construction at Youngstown, OH and will allow the Naval and Marine Corps Reserve in Saginaw, MI to vacate their centers, which were constructed in 1948, and consolidate with the Army Reserve in a jointly-funded Armed Forces Training Center in Saginaw, MI. The consolidated facility will result in increased efficiency and reduced maintenance and operating costs.

The Reserve center addition project in Las Vegas, NV will construct an addition to an existing Armed Forces Reserve Center in support of the Marine Corps Reserve. This project includes a combat vehicle maintenance facility to support training and mobilization readiness.

The project at NRC Great Lakes will provide the Naval Reserve Assault Craft Unit a facility to house and maintain two LCM's (Landing Craft Mechanized), allowing year-round performance of unit mission. At Naval and Marine Corps Reserve Center New Orleans, LA the Reserve Training Building Alterations project provides for modernization and upgrading of an existing two story training building and a central heating, ventilation and air conditioning system (HVAC).

The objective of our Military Construction program, in concert with our Facilities Maintenance and Repair Program, is to provide a balanced program which obtains optimum returns, or service life, on capital investments and which is responsive to expanded missions or new requirements.

Wherever possible, upgrading is accommodated by modernization or expansion of existing facilities rather than new construction. This policy of modernization has historically resulted in a low level of Military Construction, Naval Reserve funding.

With this background, we submit the Military Construction, Naval Reserve Program for FY 87. To make the best possible use of the limited resources available, existing facilities are, to the maximum extent possible, expanded and modernized to meet new requirements. Only when this is not feasible is new construction recommended. When new construction is required and when it is practical, consolidation with other Reserve or active facilities is accomplished.

The justification data books which have been furnished contain detailed project descriptions and supporting information. All proposed projects will provide for improved training, operational, maintenance or personnel support facilities and will contribute substantially to the improved readiness and responsiveness of the Naval and Marine Corps Reservists. We appreciate the past support of this committee and earnestly seek your approval of the required projects which comprise this years' program.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions and to provide any additional information.

REAR ADMIRAL FRANCIS NEALE SMITH, U. S. NAVAL RESERVE

Rear Admiral Francis Neale Smith is a native of Baltimore, Maryland, where he graduated from Loyola College in 1952. He received his commission from Officer's Candidate School and was Engineering Officer aboard the Destroyer-Minesweeper USS GHERARDI (DMS-30) in the Atlantic and Mediterranean. On inactive duty, he has served in Maryland and Indiana, and has commanded Naval Reserve Surface Units in Ohio, Pennsylvania, and Delaware. He has also been Naval Military Support Plans Officer with the Pennsylvania National Guard; Inspector General for Naval Reserve Readiness Command, Region FOUR, Philadelphia, Pennsylvania; and Commander, Naval Reserve Readiness Command, Region TEN, New Orleans, Louisiana. Prior to his return to active naval service, his mobilization assignment was Deputy Commander, Service Group TWO, U.S. Atlantic Fleet.

Rear Admiral Smith was recalled to active duty in November 1984, as Deputy Director of Naval Reserve. During this time, he is on leave of absence from EXXON Company, USA.

Admiral Smith's wife, Ginny, is a native of Burlingame, California, and a former Navy Nurse. They have two sons who are in the Navy; one is a Petty Officer, the other, a graduate of the U. S. Naval Academy is aboard USS CIMARRON (AO 177) in the Pacific Fleet. Their older daughter is a graduate of Texas A&M and the younger daughter attends George Mason University.

PREPARED STATEMENT

BRIGADIER GENERAL J. P. HOAR
UNITED STATES MARINE CORPS
DIRECTOR, FACILITIES AND SERVICES DIVISION
OFFICE OF THE DEPUTY CHIEF OF STAFF
(INSTALLATIONS AND LOGISTICS)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

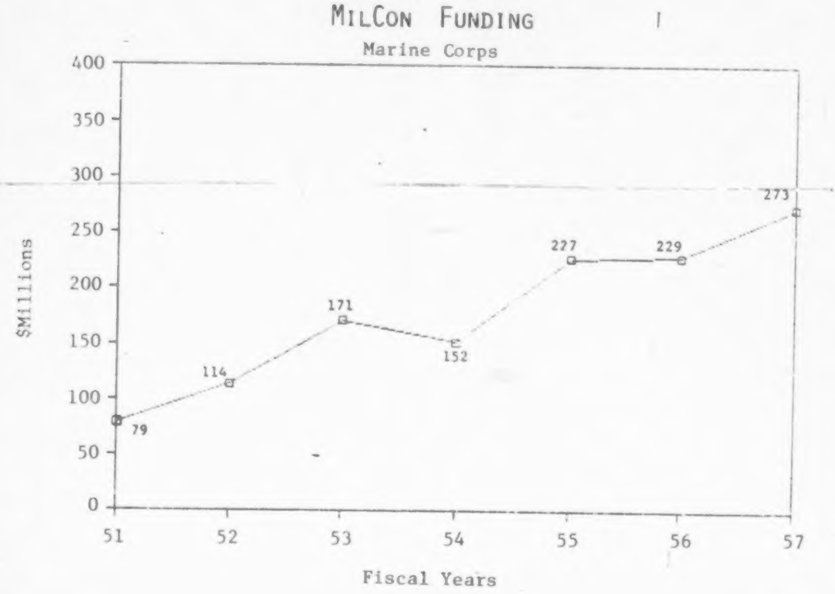
I AM BRIGADIER GENERAL JOSEPH P. HOAR, DIRECTOR, FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT, HEADQUARTERS MARINE CORPS. I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE YOU THIS YEAR TO PRESENT THE MARINE CORPS' MILITARY CONSTRUCTION PROGRAM FOR FISCAL YEAR 1987. THE FISCAL YEAR 1987 PROGRAM SUSTAINS EFFORTS STARTED IN PRIOR YEARS TO IMPROVE THE OPERATIONAL READINESS OF THE MARINE CORPS, WHILE AT THE SAME TIME, PROVIDING THOSE QUALITY OF LIFE IMPROVEMENTS SO NECESSARY TO ATTRACT AND RETAIN DEDICATED INDIVIDUALS TO SERVICE IN THE MARINE CORPS.

WE APPRECIATE YOUR PAST SUPPORT OF THIS PROGRAM. THIS SUPPORT HAS ALLOWED THE MARINE CORPS TO ACQUIRE MUCH NEEDED HOUSING, DINING, TRAINING, AND MAINTENANCE FACILITIES. THESE MODERN FACILITIES HAVE IMPROVED OUR ABILITY TO ACCOMPLISH OUR MISSION AS WELL AS IMPROVE THE QUALITY OF LIFE ENJOYED BY OUR MARINES AND THEIR DEPENDENTS.

SEVERAL YEARS AGO WE MADE A COMMITMENT TO INVEST MORE OF OUR RESOURCES IN THE ACQUISITION OF NEW FACILITIES. WITH YOUR HELP WE HAVE BEGUN TO DO SO. FOR THE PAST THREE YEARS, OUR MILITARY CONSTRUCTION PROGRAM, AS ENACTED, HAS GROWN FROM THE PREVIOUS YEAR. MORE SIGNIFICANTLY, THE MILITARY CONSTRUCTION AMOUNT HAS BEEN GROWING AS A PERCENTAGE OF THE MARINE CORPS' TOTAL BUDGET.

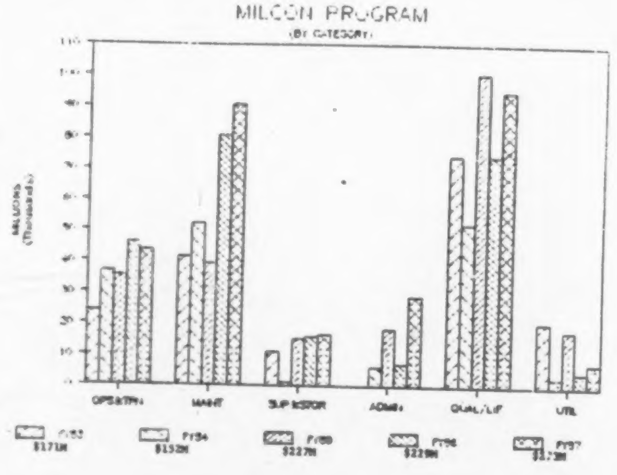
THIS FACT, I BELIEVE, BETTER THAN ANY OTHER ILLUSTRATES THE DEPTH OF OUR COMMITMENT TO PROVIDE FIRST CLASS FACILITIES. SINCE WE BECAME OUR OWN RESOURCE SPONSOR IN 1982, OUR MILITARY CONSTRUCTION PROGRAM HAS GROWN FROM $114 MILLION TO $229 MILLION IN 1986. THE GROWTH OVER THIS PERIOD IS REFLECTED IN CHART 1.

CHART 1



THESE FUNDS HAVE BEEN APPLIED AGAINST NEEDED FACILITY IMPROVEMENTS IN OPERATIONS AND TRAINING, MAINTENANCE, SUPPLY AND STORAGE, ADMINISTRATION, QUALITY OF LIFE, AND UTILITIES AS SHOWN IN CHART 2.

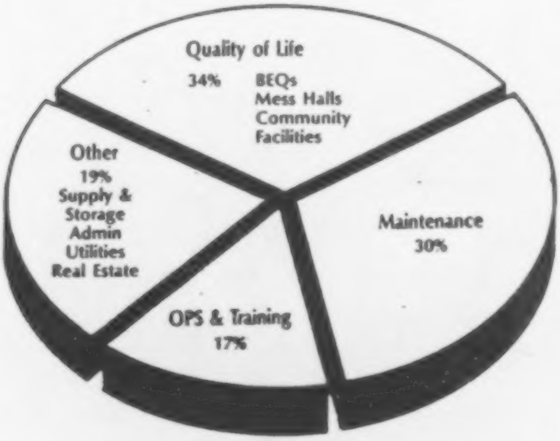
CHART 2



I AM PROUD TO BE ABLE TO TELL YOU THAT THIS YEAR'S MILITARY CONSTRUCTION REQUEST CONTINUES THE UPWARD TREND TO FULFILL OUR COMMITMENT TO OUR MARINES AND THEIR FAMILIES. THIS YEAR THE MARINE CORPS' APPROPRIATION REQUEST IS $273 MILLION; AN INCREASE OF $44 MILLION OVER FISCAL YEAR 1986. THIS INCREASE IS NECESSARY TO PROVIDE NEEDED FACILITIES FOR NEW EQUIPMENT THAT HAS BEEN PROCURED, TO TAKE CARE OF PROPERLY HOUSING OUR ENLISTED MARINES, TO REPLACE OVER-AGE PLANT, AND TO REDUCE OUR $3.1 BILLION BACKLOG. IT PROVIDES A BALANCED PROGRAM IN RESPONSE TO THE MARINE CORPS' MOST URGENT NEEDS, AS INDICATED ON CHART 3.

CHART 3

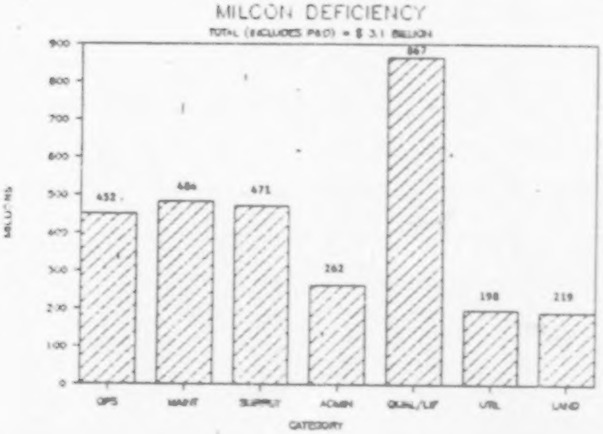
Marine Corps
Military Construction (MILCON) Distribution



OUR FISCAL YEAR 1987 PROGRAM AGAIN PLACES A HIGH PRIORITY ON QUALITY OF LIFE PROJECTS, AND IT ACCOMMODATES OUR MOST URGENT OPERATIONAL REQUIREMENTS. THIS PROPOSED PROGRAM WILL HELP US CONTINUE TO IMPROVE BOTH PERSONNEL AND MATERIAL READINESS. IT WILL ALSO HELP TO REDUCE OUR $3.1 BILLION DOLLAR BACKLOG OF REQUIRED FACILITIES.

CHART 4 DEPICTS OUR DEFICIENCIES.

CHART 4



WHILE THE MARINE CORPS HAS DEDICATED 38% OF ITS MILITARY CONSTRUCTION BUDGET ($398 MILLION) IN FISCAL YEARS 1980 TO 1986 TO THE CONSTRUCTION OF 26,536 LIVING SPACES, WE STILL HAVE A LONG WAY TO GO, AND ARE COMMITTED TO ALLOCATING THE RESOURCES IN THE COMING YEARS TO CONTINUE REDUCING THIS DEFICIENCY. OUR REQUEST THIS YEAR INCLUDES $77.1 MILLION FOR PROJECTS AT 6 MARINE CORPS ACTIVITIES WHICH PROVIDE LIVING SPACES FOR 4,274 BACHELOR ENLISTED MARINES. ALTHOUGH BACHELOR ENLISTED HOUSING PROJECTS REPRESENT A SIGNIFICANT PROPORTION OF OUR REQUEST, WE WILL STILL HAVE A DEFICIT OF 40,538 ENLISTED SPACES AFTER WE FINISH OUR FISCAL YEAR 1987 PROGRAM---ONE-THIRD OF THE MARINE CORPS' PROGRAM REQUIREMENT FOR BACHELOR ENLISTED HOUSING. ALSO INCLUDED IN OUR FISCAL YEAR 87 REQUEST IS $16.3 MILLION FOR SUCH THINGS AS A MESSHALL, A MESSHALL ADDITION AND MODERNIZATION, AND TWO PHYSICAL FITNESS FACILITIES.

WITH THE INTRODUCTION OF NEW WEAPONS SYSTEMS, THE MARINE CORPS REQUIRES THE SUPPORT FACILITIES TO EFFICIENTLY MAINTAIN AND CONSERVE THESE ASSETS. OUR FISCAL YEAR 1987 REQUEST CONTINUES TO PROVIDE THESE SUPPORT FACILITIES. MAINTENANCE FACILITIES AT

$84.3 MILLION COMPRISE THE SECOND LARGEST PORTION OF OUR CONSTRUCTION PROGRAM. THIS REPRESENTS 21 PROJECTS AT 12 MARINE CORPS ACTIVITIES.

THE AVIATION READINESS PROJECTS INCLUDE: NEW MAINTENANCE HANGARS, HANGAR ADDITIONS, AND IMPROVEMENTS IN SUPPORT OF AV-8B AND F/A-18 AIRCRAFT, THREE ENGINE MAINTENANCE SHOPS, FUEL SYSTEM MAINTENANCE FACILITY, AN AVIATION ARMAMENT SHOP, AN ENGINE TEST CELL, POWER CHECK PAD IN SUPPORT OF F/A-18 AIRCRAFT, AND REFUELING VEHICLE MAINTENANCE SHOP.

MAINTENANCE FACILITIES ARE ALSO REQUESTED TO SUPPORT UNITS AT OUR MAJOR GROUND SUPPORT BASES. THE SUPPORT FACILITIES INCLUDE A PARACHUTE AND SURVIVAL EQUIPMENT SHOP, TWO ELECTRONIC COMMUNICATIONS MAINTENANCE FACILITIES, THREE COMBAT VEHICLE MAINTENANCE SHOPS, AN ORGANIZATIONAL AUTOMOTIVE MAINTENANCE SHOP, AND A FIELD MAINTENANCE COMPLEX.

OUR FISCAL YEAR 1987 REQUEST EMPHASIZES IMPROVING THE WORKING AND TRAINING CONDITIONS FOR OUR MARINES. WE ARE REQUESTING $42.8 MILLION FOR THE CONSTRUCTION OF 19 OPERATIONAL AND TRAINING PROJECTS AT 9 MARINE CORPS ACTIVITIES. THESE PROJECTS, ESSENTIAL TO SUPPORT OUR READINESS, WILL PROVIDE FACILITIES SUCH AS: RUNWAY APPROACH LIGHTING, AIRCRAFT OPERATIONS BUILDING AND CONTROL TOWER, COMBAT AIRCRAFT ORDNANCE LOADING AREA, TACTICAL SUPPORT VAN PADS, AIRCRAFT RINSE FACILITIES, PASSENGER TERMINAL, TROOP AND CARGO STAGING FACILITY, TRAINING SUPPORT CENTER, ARMORIES, AIRCRAFT MAINTENANCE TRAINING BUILDING, COMBINED ARMS TRAINER, TACTICAL AIR COMBAT TRAINING FACILITY, AND OPERATIONAL TRAINING FACILITIES.

ALSO INCLUDED IS A REQUEST FOR $16.5 MILLION FOR A SUPPLY COMPLEX, COMMUNICATIONS SUPPORT FACILITY, AND TWO AIR TRAFFIC CONTROL SQUADRON FACILITIES. THESE PROJECTS WILL INSURE THAT THE

MATERIALS PROVIDED THE MARINE CORPS ARE PROPERLY ORGANIZED AND MAINTAINED SO THAT THEY ARE AVAILABLE WHEN NEEDED.

OUR REQUEST INCLUDES $28.5 MILLION FOR EIGHT ADMINISTRATIVE PROJECTS AT EIGHT ACTIVITIES WHICH INCLUDE BATTALION OPERATIONS FACILITIES, RECRUIT BATTALION OPERATIONS FACILITY, REGIMENTAL BATTALION OPERATIONS CENTER, A GROUP OPERATIONS FACILITY, A BATTALION HEADQUARTERS, A COMPANY AND BATTERY OPERATIONS CENTER, AND BUILDING ENVIRONMENTAL IMPROVEMENTS.

AN ADDITIONAL $7.5 MILLION IS REQUESTED FOR FLIGHT LINE SECURITY IMPROVEMENTS, ROAD IMPROVEMENTS, AND LAND ACQUISITION.

SUMMARY

MR. CHAIRMAN, IN SUMMARY, I WOULD EMPHASIZE THAT THE MARINE CORPS' FISCAL YEAR 1987 MILITARY CONSTRUCTION BUDGET REQUEST REFLECTS THE MOST URGENT NEEDS OF THE MARINE CORPS AND PLACES HIGH PRIORITY ON READINESS AND SUSTAINABILITY OF OUR FORCES, INSURES TIMELY SUPPORT FOR NEW WEAPONS SYSTEMS NOW BEING INTRODUCED INTO THE FIELD, AND IMPROVES THE QUALITY OF LIFE OF OUR MARINES. APPROVAL OF THIS REQUEST WILL CONTINUE THE EFFORTS OF THE MARINE CORPS AND THE CONGRESS TO PROVIDE MODERN FACILITIES, ENABLING US TO ATTRACT AND RETAIN QUALITY MARINES AND MAINTAIN OPERATIONAL READINESS AND FIGHTING ABILITY.

OUR PROGRAM IS THE RESULT OF A CAREFUL, WELL-REASONED, AND THOROUGH DECISION PROCESS BASED ON OUR BEST JUDGEMENT AND OPERATIONAL EXPERIENCE. THE PROJECTS INCLUDED REPRESENT THE MOST COST-EFFECTIVE METHOD OF ACHIEVING THE MARINE CORPS' MISSION. WE URGE YOUR FAVORABLE CONSIDERATION OF THE MARINE CORPS' FISCAL YEAR 1987 MILITARY CONSTRUCTION APPROPRIATION REQUEST.

PERMIT ME TO EMPHASIZE AGAIN OUR APPRECIATION FOR THIS COMMITTEE'S CONTINUED SUPPORT.

SIR, THIS CONCLUDES MY STATEMENT. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS.

UNITED STATES MARINE CORPS
DIVISION OF PUBLIC AFFAIRS • HEADQUARTERS MARINE CORPS
WASHINGTON, D.C. 20330 • TELEPHONE (202) 694-4309

BRIGADIER GENERAL JOSEPH P. HOAR, USMC

Brigadier General Joseph P. Hoar is the Director, Facilities and Services Division, Installations and Logistics Department, Headquarters Marine Corps, Washington, D.C.

General Hoar was born on Dec. 30, 1934 in Boston, Massachusetts. He was commissioned a second lieutenant in the Marine Corps in 1957, after graduation from Tufts University, in Medford, Mass. After completing The Basic School, Quantico, Va., his first assignment was as a rifle platoon commander in the 5th Marines. He served subsequently in the 1st Battalion, 1st Marines at Camp Pendleton, Calif., and on Okinawa as a battalion staff officer.

His first non-FMF assignment was at Marine Barracks, Yorktown, Virginia. Barracks assignments included platoon commander and guard company commander. After a short tour at Marine Corps Base, Camp Lejeune, N.C., as Assistant G-1, he reported to the 2d Marine Division. He commanded Company M, 3d Battalion, 2d Marines and served as the Battalion Operations Officer while a member of that command. From 1966-67, he was battalion and brigade advisor with the Vietnamese Marines.

After Vietnam, he reported to Headquarters Marine Corps, Washington, D.C. During his three-year tour at Headquarters, he served in the G-3 Division and as Special Assistant to the Assistant Commandant of the Marine Corps.

In 1971, he returned overseas where he was Executive Officer of the 1st Battalion, 9th Marines. During the period 1972 to 1976, General Hoar was assigned as an instructor at the Marine Corps Command and Staff College; then returned to Headquarters Marine Corps for duty in the Personnel Management Division.

General Hoar returned to the 1st Marine Division and commanded the 3d Battalion, 1st Marines until July 1978. Relinquishing command of the battalion, he was reassigned to the Division Staff as the Assistant G-1. Subsequently, he became the Division Assistant Chief of Staff, G-1 and during this time was promoted to colonel. In 1979, General Hoar once again returned to the 1st Marines. He commanded the Regiment until April 1981.

He assumed command of the 31st MAU in Freemantle, Australia, on June 1, 1981. In the following year the MAU participated in three Indian Ocean deployments and nine amphibious exercises.

Upon returning to the United States, General Hoar was assigned to the Marine Corps Recruit Depot, San Diego, Calif., as the Assisant Chief of Staff, G-1. While serving in this capacity, he was selected in February 1984 for promotion to brigadier general. He was advanced to that rank on April 13, 1984 and assigned duty as the Assistant Division Commander, 2d Marine Division, FMF, Atlantic, Camp Lejeune, N.C., on April 30, 1984. He served in this capacity until assuming his current assignment on June 3, 1985.

STRATEGIC HOMEPORTING CONCEPT

Captain DALY. Good morning, Mr. Chairman. It is a pleasure for me to be here this morning. My purpose this morning is to provide you with the strategic rationale which underpins strategic homeporting, which is the Navy's plan to disperse the fleet in eight geographic locations, significant geographic locations, in the continental United States. The ports are north, south, and central on both coasts, and two home ports in the Gulf of Mexico as well.

Strategic homeporting is an essential element of our national strategy. What we are doing with this homeporting design is getting the benefits of defense without the costs of war. Then as we look at the Soviet Union and its policy of global encroachment, what we are doing with strategic homeporting is retaining the strategic initiative. As we look at the dispersal of the fleet with respect to the geographic locations and the crises that the Navy and Marine Corps team responds to, we are also operating in areas closer to potential crises. So strategic homeporting has a direct relationship to our national military strategy.

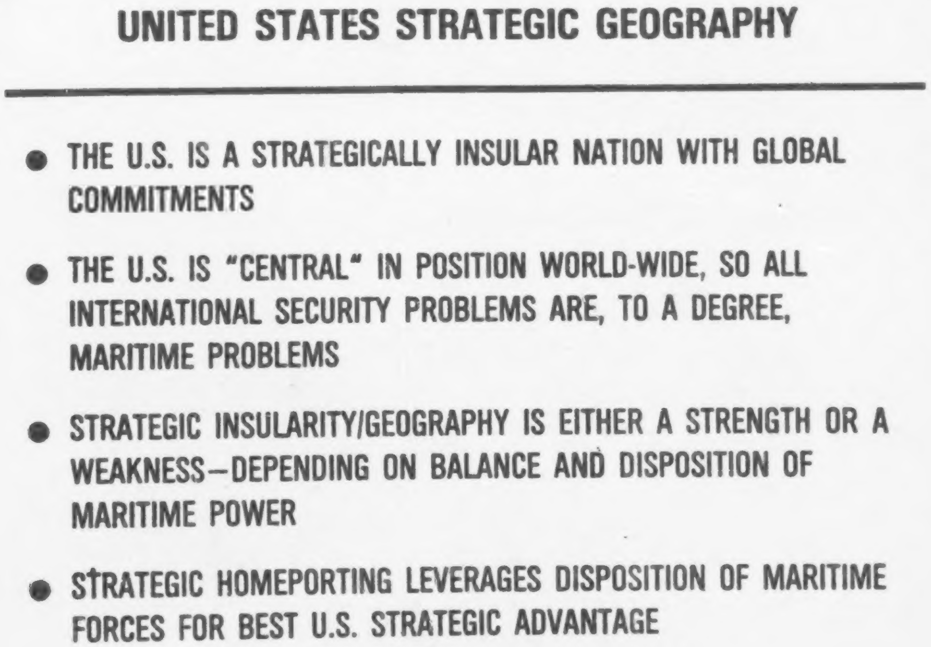
GLOBAL MARITIME ELEMENTS OF U.S. NATIONAL MILITARY STRATEGY

WASHINGTON
SEAPOWER INTEGRAL TO DETERRENCE AND COALITION DEFENSE

U.S. A MARITIME NATION

With your permission, sir, I have vu-graphs that I will use throughout this briefing. Washington is the hub of considerable activity, but I think this vu-graph is also interesting because it depicts how our Nation is strategically insular. We are an insular nation in a very real way, and every national security problem that we have is, in fact, a maritime problem.

People talk about massing forward and massing being necessary for offense, and that is very true. That is why we have pro-SLOC, prosealine of communication maritime strategy which is the global maritime elements of U.S. national military strategy. But strategic defense requires dispersal, and that is what we are doing when we take advantage of the U.S. geography by dispersing our homeports.



UNITED STATES STRATEGIC GEOGRAPHY

- THE U.S. IS A STRATEGICALLY INSULAR NATION WITH GLOBAL COMMITMENTS
- THE U.S. IS "CENTRAL" IN POSITION WORLD-WIDE, SO ALL INTERNATIONAL SECURITY PROBLEMS ARE, TO A DEGREE, MARITIME PROBLEMS
- STRATEGIC INSULARITY/GEOGRAPHY IS EITHER A STRENGTH OR A WEAKNESS—DEPENDING ON BALANCE AND DISPOSITION OF MARITIME POWER
- STRATEGIC HOMEPORTING LEVERAGES DISPOSITION OF MARITIME FORCES FOR BEST U.S. STRATEGIC ADVANTAGE

GEOSTRATEGIC FORCE MULTIPLIER

Our geography is an advantage. What we are trying to do as we improve our defense is take advantage of the assets that we do have. As Admiral Watkins has said, the thing that we do not have any more is strategic affluence. We had strategic affluence in the years after World War II, but we do not have that anymore. Nor do we have the overwhelming power we once had as a nation.

Our geography is an advantage and strategic homeporting becomes a geostrategic force multiplier. We are getting more for what we put into the program than we normally would with other measures.

We have a forward strategy. That forward strategy is an economy of force strategy as well. What we are also concerned about, however, is our strategic rear. There is a synergy that exists between the forces that are forward-deployed and the forces that are operating from ports at home.

WHY IS DISPERSAL OF NAVAL FORCES NECESSARY?

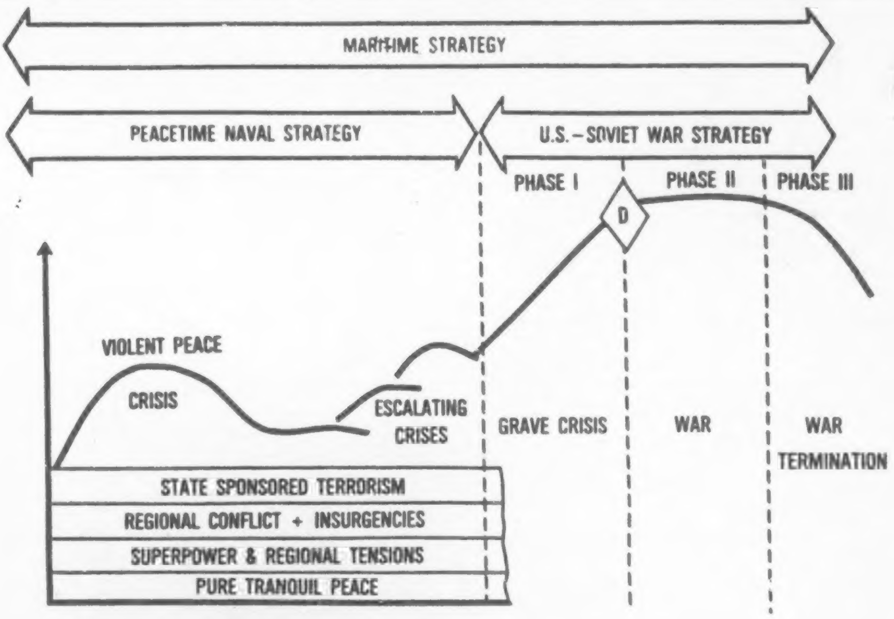
- DENY SOVIETS THE STRATEGIC INITIATIVE
- PROVIDE BETTER CRISIS RESPONSE LEVERAGE
- INCREASE BATTLE GROUP READINESS
- ENHANCE DETERRENCE

DISPERSAL OF NAVAL FORCES

So the logical question is: What advantages do we accrue from the dispersal of naval forces? Interestingly enough, three of the four advantages shown here apply to our national strategy which denies the Soviets the strategic initiative, provides the National Command Authority better crisis response leverage, and enhances our overall deterrent posture throughout the world. From the Navy's operational perspective, the basic advantage is the increase in battle group readiness.

We are enhancing the fleet's survivability as well.

STRATEGIC HOMEPORTING AT ALL LEVELS OF CONFLICT


MARITIME STRATEGY
PEACETIME NAVAL STRATEGY
U.S.-SOVIET WAR STRATEGY
PHASE I
PHASE II
PHASE III
D
VIOLENT PEACE
CRISIS
ESCALATING CRISES
GRAVE CRISIS
WAR
WAR TERMINATION
STATE SPONSORED TERRORISM
REGIONAL CONFLICT + INSURGENCIES
SUPERPOWER & REGIONAL TENSIONS
PURE TRANQUIL PEACE

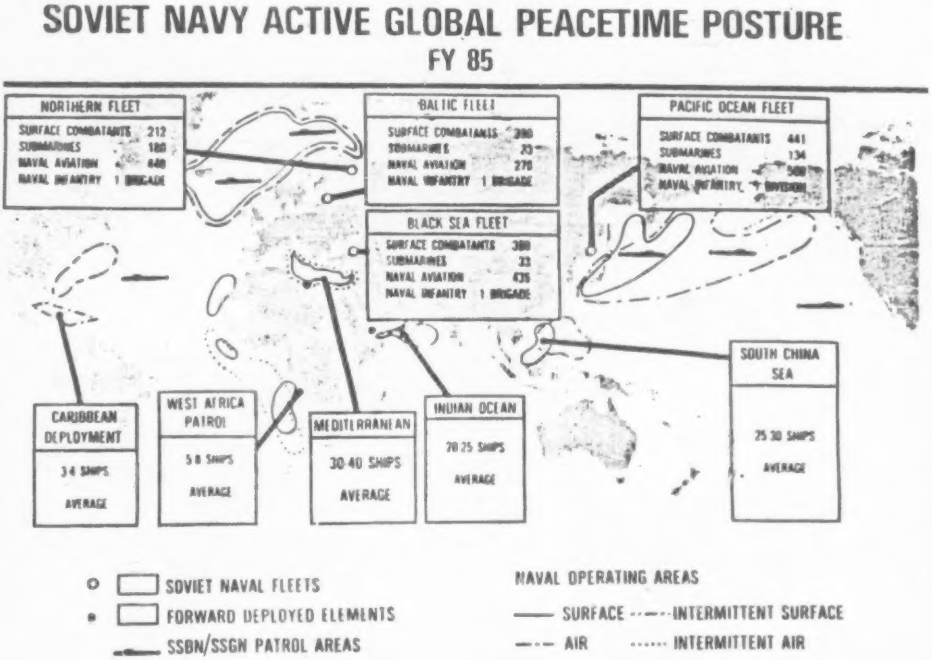
MARITIME STRATEGY

I mentioned maritime strategy. It is a phrase that is used quite frequently when one refers to the Navy-Marine Corps team. I would like to spend a few moments here to mention some particulars about that strategy.

The maritime strategy addresses the Navy-Marine Corps team as it works in conjunction with the Army and the Air Force, along the full spectrum of violence. We address peace and war, and then on into war termination, and into the new peace.

As you know, since 1945 the Navy-Marine Corps team has been responding to crises in this era of, as Admiral Watkins calls it, the violent peace. The Navy-Marine Corps team has been the Nation's principal military response in crisis. Having battle groups in these eight different locations around our country gives us the ability to respond to crises earlier when they are regional crises, and to retain the ability to respond to the Soviet threat wherever that might exist at the same time. The synergy that I referred to earlier exists and enhances deterrence.

What we are particularly concerned about is this series of escalating crises. We do not want to get to the point at which deterrence fails. In thinking about the deterrence, people often think of the benefits of defense without the cost of war; however, deterrence is not something that lends itself to simple quantification and is not a mirror image of what we would like deterrence to be. Deterrence exists in the mindset of the Soviets. A very particular part of understanding deterrence is trying to think about the Soviets and thinking about what they think we are doing. That is another way that strategic homeporting has a direct relationship to our national military strategy.


SOVIET NAVY ACTIVE GLOBAL PEACETIME POSTURE
FY 85
NORTHERN FLEET
SURFACE COMBATANTS 212
SUBMARINES 180
NAVAL AVIATION 440
NAVAL INFANTRY 1 BRIGADE
BALTIC FLEET
SURFACE COMBATANTS 380
SUBMARINES 33
NAVAL AVIATION 270
NAVAL INFANTRY 1 BRIGADE
BLACK SEA FLEET
SURFACE COMBATANTS 380
SUBMARINES 33
NAVAL AVIATION 435
NAVAL INFANTRY 1 BRIGADE
PACIFIC OCEAN FLEET
SURFACE COMBATANTS 441
SUBMARINES 134
NAVAL AVIATION 500
NAVAL INFANTRY 1 DIVISION
CARIBBEAN DEPLOYMENT
3-4 SHIPS
AVERAGE
WEST AFRICA PATROL
5-8 SHIPS
AVERAGE
MEDITERRANEAN
30-40 SHIPS
AVERAGE
INDIAN OCEAN
20-25 SHIPS
AVERAGE
SOUTH CHINA SEA
25-30 SHIPS
AVERAGE
SOVIET NAVAL FLEETS
FORWARD DEPLOYED ELEMENTS
SSBN/SSGN PATROL AREAS
NAVAL OPERATING AREAS
SURFACE
INTERMITTENT SURFACE
AIR
INTERMITTENT AIR

SOVIET MAJOR FLEETS

As you can see here, the Soviets have four major fleets. I am going to concentrate for a few moments on the Soviet Union, and the Soviet Navy in particular. The Soviet Navy is part of a combined arms approach that the Soviets use in looking at the use of military force around the world.

The Soviet Navy has been a very particularly important instrument for Soviet global encroachment since 1965. In 1965, they were operating about 6,000 out-of-area ship days.

Senator MATTINGLY. Six thousand what?

Captain DALY. Six thousand days out of the area of their coastal waters, that is operating around the world.

Senator MATTINGLY. OK.

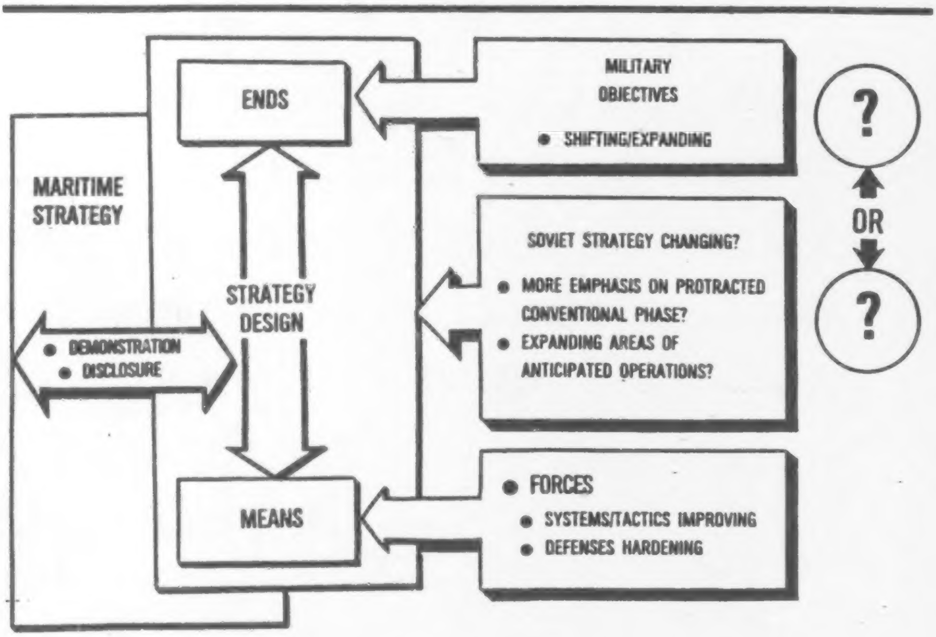
Captain DALY. In 1985, the number increased to more than 61,000 ship days. The Soviets have done that by increasing the numbers of ships that they have in the four basic fleets, and then increasing the out-of-area deployments, for example, the Caribbean deployments and West African patrol are out into the Mediterranean and other areas of the world with increasing numbers of ships.

All of this is part of a construct in which the Soviets have increased the quantity of their forces and the quality of their forces in these out-of-area operation. The policy of global encroachment includes operations off our coasts, both the Pacific and Atlantic, operating with ballistic missile submarines on a routine basis, and surface units to collect intelligence as well.

They are clearly there off our coasts. It is very important then that we think about the dispersal of our fleet to complicate their targeting problem. The Soviets would like to implement a strategy of mass and surprise with a favorable correlation of forces which gives them the overwhelming advantage.

Our dispersal complicates their targeting problem when they operate in our waters. We hopefully disrupt that correlation of forces.

SOVIET STRATEGY


ENDS
MILITARY OBJECTIVES
• SHIFTING/EXPANDING
MARITIME STRATEGY
STRATEGY DESIGN
• DEMONSTRATION
• DISCLOSURE
SOVIET STRATEGY CHANGING?
• MORE EMPHASIS ON PROTRACTED CONVENTIONAL PHASE?
• EXPANDING AREAS OF ANTICIPATED OPERATIONS?
?
OR
?
MEANS
• FORCES
• SYSTEMS/TACTICS IMPROVING
• DEFENSES HARDENING

SHIFTING AND EXPANDING OF SOVIET MILITARY

The Soviets have a strategy and any strategy, as you know, is designed to bring means to ends. As we look at those ends, we ask what are their military objectives, and are they shifting and expanding? The answer is clearly, yes. The Soviets have expanded their areas of operation around the world. They have built many more ships. Simply stated, they have many more naval forces, and army and air force forces as well.

The Soviets have progressed to an increased integration of those forces, the land forces and the sea forces. Their strategy has changed as well. There is more emphasis on protracted conventional war. We are concerned, very much concerned, in our national military strategy about nuclear war, but the Soviets have increased their discussions in both classified writings and unclassified writings, about protracted conventional war.

Protracted conventional war becomes a very important thing when we think about the Navy and Marine Corps team responding to crisis, and when we think about 600 ships, and when we think about where we would put those ships, not only forward but in our home ports here in the continental United States.

SOVIET VIEW ON BASE ATTACK

"ALMOST ALL THE...OPERATIONS AND COMBAT ACTIONS IN HISTORY AIMED AT DESTROYING NAVAL FORCES IN BASES ENDED WITH VICTORY FOR THE ATTACKERS AND TOTAL DEFEAT OF THE DEFENDERS; LOSSES OF NAVAL FORCES ATTACKED IN BASE WERE PARTICULARLY HEAVY AND AT TIMES ASSUMED CATASTROPHIC DIMENSIONS."

VADM K. A. STALBO
NAVAL THEORETICIAN

SOVIET HOMEPORTING

Again, the Soviets are concerned about mass. They are concerned about massing their ships in their home ports; therefore, they disperse. They have four basic fleets. The Soviets disperse around their land mass. This quote is instructive in thinking about how they view base attack. Admiral Stabo, who is quoted here, has not been deposed. He is still on the naval staff.

He is referring to destroying something that is very important to the Soviets on an historical basis. Destroying naval forces in bases is a clear victory for the attackers and clear defeat for the defenders.

The Soviets have a particular viewpoint about the importance of bases. That is one of the reasons why our dispersal is particularly effective.

POTENTIAL THREATS TO CENTRALIZED FORCES

- MINING
- SUBMARINES
- CONVENTIONAL CRUISE MISSILES
- SABOTAGE
- TERRORISM

STRATEGIC ADVANTAGES FROM DISPERSED FORCES

- COMPLICATION OF CONVENTIONAL TARGETING PROBLEM
- LESSER ATTRACTIVENESS/LOWER PAYOFF IN QUICK STRIKE
- ACTS IN FACE OF TERRORIST THREAT
  - LIMITS POTENTIAL FOR CRIPPLING BLOW TO OUR FORCES

THREATS TO PORTS

The threats to our ports are shown here at the top of this slide. What we are attempting to do is confuse the conventional targeting problem for the Soviets. It gives them a less attractive situation in which they have a lower payoff for a quick strike.

THREAT TO PORTS

BALLISTIC MISSILE SUBMARINES (SSBN)	62	SLBM
CRUISE MISSILE SUBMARINES (SSGN)	45	ANTISHIP MISSILES
LONG RANGE LAND ATTACK SUB LAUNCED CRUISE MISSILES (SLCM)		
ATTACK SUBMARINES		
DIESEL (SS)	140	TORPEDOES
NUCLEAR (SSN)	69	MINES
TOTAL (SS/SSN)	209	
MERCHANT MINING		
SOVIET/WARSAW PACT MERSHIPS DAILY IN/NEAR CONUS PORTS (WITHIN 200 NM OF US COASTS)	4 TO 5	
SOVIET MERSHPS TO CUBA ANNUALLY	OVER 400	
SPETSNAZ (SPECIAL PURPOSE FORCES) (1 BRIGADE PER FLEET)	4 BRIGADES	DEMOLITION SABOTAGE SURVEILLANCE

SOVIET SUBMARINE QUIETING

The numbers are important, particularly when we think about the conventional forces. The Soviets have also had a qualitative improvement in their forces. One of the things we are concerned about is the Soviet submarine quieting because it could free other submarines for other war options. The Soviets can operate submarines off our coast. Although the strike from the blue from the ballistic missile submarine is not likely, it nevertheless is a possibility.

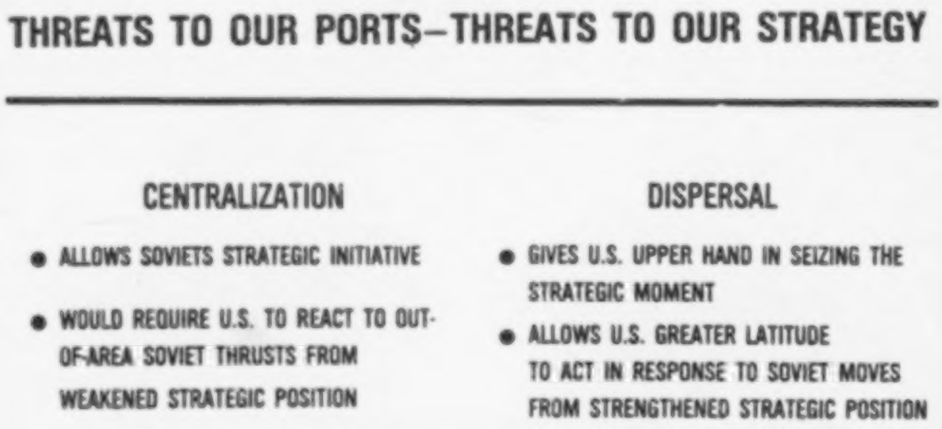
There are also possibilities that sea launched cruise missiles could be employed from submarines. People ask: Well, are those really a concern? Well, they have been important. Those cruise missiles were important in the Indo-Pakistani war in 1971. The Indians used Russian Styx missiles and bottled up Karachi Harbor.

Another aspect that is important to consider is Soviet merchant ships. Those merchant ships, four to five on a daily basis, operate in our harbors and within 200 miles of our coast. Thinking about the Caribbean and the importance of the Caribbean, it is important to consider that over 400 merchant ships on an annual basis go into the Caribbean.

[CLERK'S NOTE: Slide 10 is retained in committee files.]

As we look at that type of merchant ship shown here, I will note that there are at least 120 mines on it. This particular one, a roll on/roll off Soviet bloc merchant ship was the type that the Libyans used to mine the Red Sea. This is the ballistic missile submarine. This is a Victor class submarine, the type which could be used to launch torpedos, mines, and the sea launched cruise missiles.

This vehicle is a reminder that the Soviets also have the capability to use their SPETZNAZ Forces in a sabotage role and would inject them into the continental United States. SPETZNAZ Forces are similar to our Navy seals or the Army Green Berets.

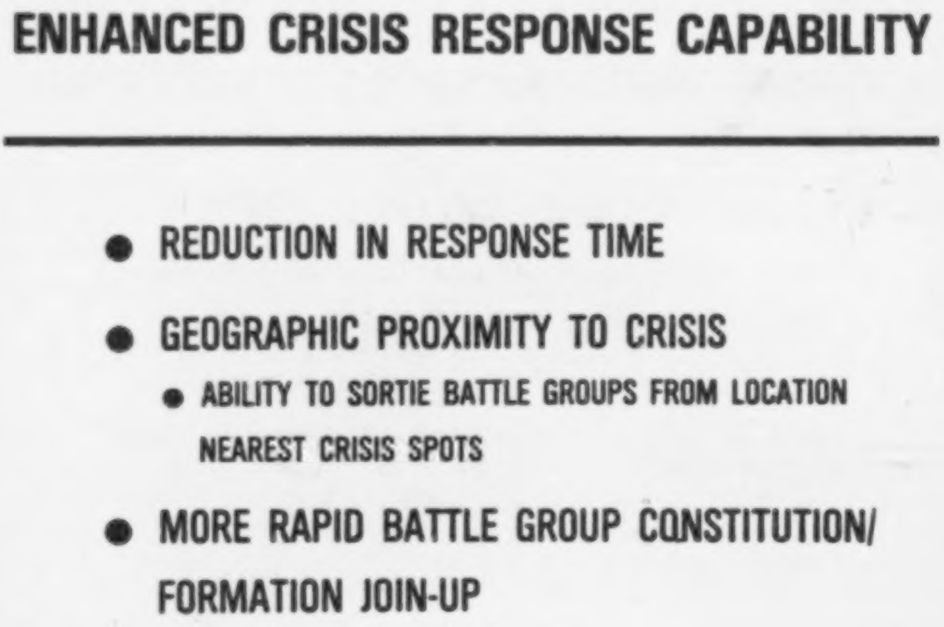


THREATS TO OUR PORTS–THREATS TO OUR STRATEGY

CENTRALIZATION	DISPERSAL
● ALLOWS SOVIETS STRATEGIC INITIATIVE ● WOULD REQUIRE U.S. TO REACT TO OUT-OF-AREA SOVIET THRUSTS FROM WEAKENED STRATEGIC POSITION	● GIVES U.S. UPPER HAND IN SEIZING THE STRATEGIC MOMENT ● ALLOWS U.S. GREATER LATITUDE TO ACT IN RESPONSE TO SOVIET MOVES FROM STRENGTHENED STRATEGIC POSITION

DISPERSAL OF U.S. FLEET

Then we come to the cold reality that threats to our ports are threats to our strategy. Dispersal allows us a greater latitude as we operate in conjunction with our global strategy vis-a-vis the Soviet Union, and respond to regional crises as well.



ENHANCED CRISIS RESPONSE CAPABILITY

- REDUCTION IN RESPONSE TIME
- GEOGRAPHIC PROXIMITY TO CRISIS
  - ABILITY TO SORTIE BATTLE GROUPS FROM LOCATION NEAREST CRISIS SPOTS
- MORE RAPID BATTLE GROUP CONSTITUTION/ FORMATION JOIN-UP

WEATHER FACTOR IN HOMEPORTING

Some people say, "Well, with strategic homeporting all you are doing is gaining a day here, a half a day there." That day or that half day becomes particularly important not only when we are responding to crises, but when we are looking at the places where those ships would have to come from if they were not strategically deployed.

One of the things that the critics don't talk about in naval operations is the weather factor. If we think about the Pacific Northwest, for instance, and the Everett complex, which is in the vicinity of the Bangor Trident Submarine Base, proximity to a crisis in the Northwest Pacific—where the Soviets are operating their forces these days—is important. I am particularly thinking about the Valdez oil routes.

If we had to sail ships up from San Francisco or from the San Diego-Long Beach area and the weather was bad, the transit time involved becomes significantly greater. And we do not have the opportunity to respond to the crisis as readily.

BATTLE GROUP READINESS INCREASE

- SHIPS COMPRISING CVBGs, BB SAGs SHARE ONE HOME
- TRAINING PAYOFFS—SHIPS THAT SAIL TOGETHER TRAIN TOGETHER
- ORGANIZATIONAL/COMMAND EFFECTIVENESS
  - BATTLE GROUPS TRAIN WITH THEIR DEPLOYED COMMANDERS
  - NO SHIFT IN COMMAND WITH OVERSEAS SORTIE

BATTLE GROUP READINESS

Our battle group readiness increases with strategic homeporting. What we are accomplishing as we move into these eight strategic locations is homeporting battle groups together, having an integral battle group that could respond to crises together, that can be deployed together when it goes forward, and that can train together. A very important consideration when we think about the technological advances of the ships the Congress has funded for us, thinking particularly of the Aegis Cruiser and the Navy Tactical Data System that exists on the ships, an integral training facility exists within those ships that are homeported together. This is a significant consideration as we homeport ships together.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

DETERRENCE

- STRATEGIC HOMEPORTING DILUTES THE STRATEGIC VALUE TO AN ADVERSARY OF HIS PRECONFLICT POSTURING
- DISPERSAL PROVIDES MORE RAPID USN RESPONSE IN TIME OF GEOPOLITICAL CRISIS
- MULTIPLE PORTS INCREASE CONVENTIONAL TARGETING PROBLEM, INCLUDING SPECIAL FORCES TARGETING PROBLEM
- STRATEGIC HOMEPORTING TAKES FULL ADVANTAGE OF BROAD INDUSTRIAL BASE AND MOBILIZATION CAPABILITY IN PEACETIME/CRISIS

NO WAR IS INEVITABLE—TAKE ADVANTAGE OF U.S. GEOGRAPHY

DETERRENCE

I talked earlier about national strategy, the maritime strategy, and how the Navy-Marine Corps team works together within that strategy. We are concerned about deterrence. We do not want to get to that point where deterrence fails. I think that it becomes quite clear from these considerations mentioned here that strategic homeporting adds significant weight to our overall deterrence.

We are taking full advantage of the industrial base that exists around these home ports, as well, and their repair capability.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

ESCALATION CONTROL

- GREATER PROBABILITY OF ARRIVING AT CRISIS EARLIER
  - PROXIMITY TO CRISIS
  - SORTIE AS A FULLY-CONSTITUTED BATTLE GROUP
- FORCE COMPOSITION AND SIZE
  - GREATER FLEXIBILITY TO MILITARY COMMANDERS
  - WIDER RANGE OF AVAILABLE OPTIONS TO NATIONAL COMMAND AUTHORITY

EARLY FORWARD PRESSURE FROM MULTIPLE AXES OF STRATEGIC ADVANCE

ESCALATION CONTROL

It also is applicable in the area of escalation control. Escalating crises could become very significant as we look at a world which the Soviet Union is attempting to constrict. What we are better able to sortie is a full battle group, and our force composition and size is then not dependent on such factors as weather, or the availability of ships from other ports to move with a fully constituted battle group.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

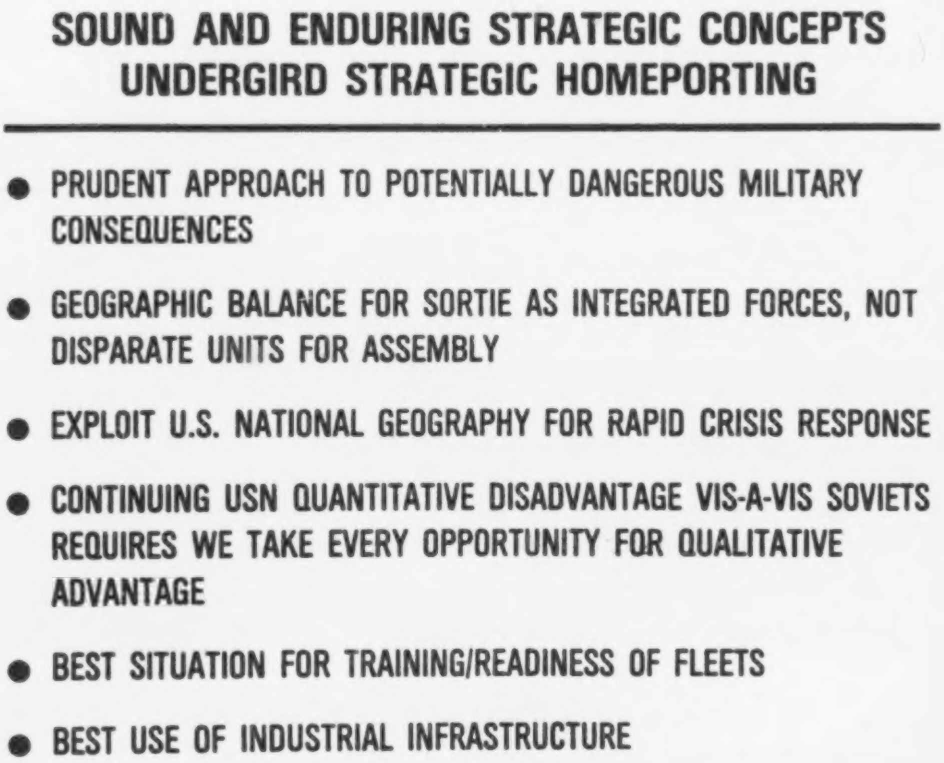
WAR TERMINATION ON TERMS FAVORABLE TO U.S. AND ALLIES

- ABILITY TO MOVE AND MUSTER FROM A NUMBER OF DIRECTIONS
- WIDER RANGE OF OPTIONS TO ACT STRATEGICALLY, NOT REACT
- QUICKEST ELIMINATION OF ENEMY OUT-OF-AREA FORCES
- COMPLICATES AND WIDENS ENEMY STRATEGIC PROBLEM
- STRATEGIC HOMEPORTING TAKES FULL ADVANTAGE OF BROAD, MOBILIZED INDUSTRIAL BASE IN TIME OF WAR

DYNAMIC AGGRESSIVE FULL FORWARD PRESSURE—FOR STRATEGIC ADVANTAGE

MASS FORWARD

If we ever got to that point where deterrence had failed, we still have that ability to protect our strategic rear and be in a position to act and not react. We've got our mass forward. We've got our dispersal at our strategic rear, and as we still take advantage of our geography in that force multiplier manner.



SOUND AND ENDURING STRATEGIC CONCEPTS UNDERGIRD STRATEGIC HOMEPORTING

- PRUDENT APPROACH TO POTENTIALLY DANGEROUS MILITARY CONSEQUENCES
- GEOGRAPHIC BALANCE FOR SORTIE AS INTEGRATED FORCES, NOT DISPARATE UNITS FOR ASSEMBLY
- EXPLOIT U.S. NATIONAL GEOGRAPHY FOR RAPID CRISIS RESPONSE
- CONTINUING USN QUANTITATIVE DISADVANTAGE VIS-A-VIS SOVIETS REQUIRES WE TAKE EVERY OPPORTUNITY FOR QUALITATIVE ADVANTAGE
- BEST SITUATION FOR TRAINING/READINESS OF FLEETS
- BEST USE OF INDUSTRIAL INFRASTRUCTURE

ENDURING PRINCIPLES IN HOMEPORTING

In sum, sir, what we have are sound enduring principles that undergird strategic homeporting. Enhanced deterrence overall would reduce the vulnerability of the fleet. We have got a fully constituted battle group that is in a particular geographic location. We are enhancing the ability of the fleet to work together, and we are also enhancing the quality of life for the people who are aboard those ships.

That concludes my presentation, sir.

Senator MATTINGLY. Let me ask you all some questions, then.

Mr. ARNY. If you would like to, we can run through——

Senator MATTINGLY. Have you got more on homeporting?

Mr. ARNY. Yes; basically the construction projects and where they are located.

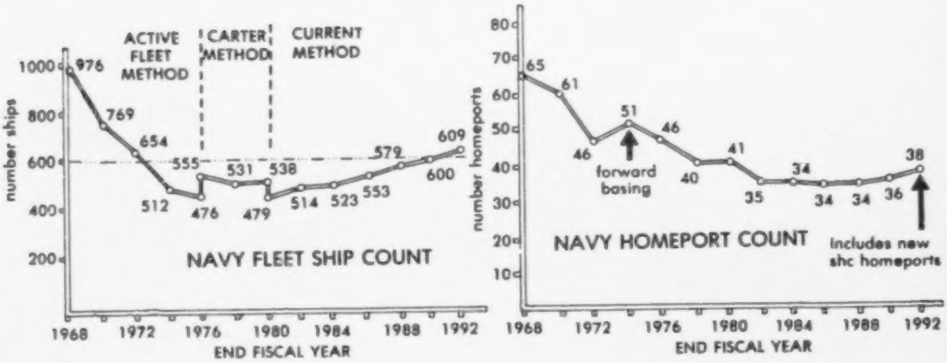
Senator MATTINGLY. OK.

Mr. ARNY. This is to give you a quick overview of the locations of the projects.

[CLERK'S NOTE: Vugraph 18 is retained in the committee files.]

Captain DRENNON. Good morning, Mr. Chairman.

We have a full presentation on the strategic homeporting concept, but for the sake of brevity this morning I am just going to hit and highlight the military construction part. But I will provide for your staff a full text of the slides and the words of that presentation.



SHIP COUNT

We would like to review for just one quick second some statistics that are interesting and that we talk about from time to time. Starting in 1968 the Navy reduced its ship count of over 1,000 ships down to a low of about 479 in the 1980 timeframe. There were different ways to count ships during this period. But 479 is the basis upon which we count the 600-ship Navy. You can see the increase in ships up to 600 to 609 ships up in 1993. All these ships have been appropriated and authorized.

Also at the same time the home ports for these ships were reduced from about 65 in 1980 down through this period to a low of 34. Because of the strategic homeporting concept, they will increase up to about 38, which is a net increase of 4. Actually 8 new home ports and 4 redesignations of home ports due to decommissioning of some mine sweepers.

CONCEPT RATIONALE

STRATEGIC HOMEPORTING CONCEPT

MAJOR FLEET CONCENTRATIONS	END FY 80	END FY 93	FY 80-93 change
PEARL HARBOR	47		
PUGET SOUND AREA	5		
SAN FRANCISCO BAY AREA	19		
LONG BEACH	6		
SAN DIEGO	118		
NEWPORT	7		
GROTON/NEW LONDON	32		
NEW YORK	0		
EARLE	3		
NORFOLK AREA	113		
CHARLESTON	65		
KINGS BAY	1		
MAYPORT	23		
GULF COAST	2		
	441	531	+ 90
MSC/MISC PORTS/OVERSEAS	38	78	+ 40
	479	609	+ 130

CONUS BASED HOME PORTS

Again, looking at this chart, here is the number 479, which is the basis in 1980 for the 600-ship Navy. The problem we see in strategic homeporting is the plus-90 ships that need to be distributed among CONUS-based home ports. You can see here the magnitude of the ships in San Diego and Norfolk, and with the strategic homeporting concept actually these numbers would grow to almost 50 percent of all the ships homeported in CONUS, and there are about six home ports on here which contain about 85 percent of all the ships that we have homeported in CONUS.

Senator MATTINGLY. How many of those ships are in port all the time?

Captain DRENNON. We estimate about 67 percent of the ships.

Mr. ARNY. We size our ports for the 67 percent that we expect to be in port.

Senator MATTINGLY. Well, if you have 118 in one and 113 in the other——

Mr. ARNY. Yes, sir; but we size the ports for only the ships that we expect to be in there.

Senator MATTINGLY. I understand that, but out of the 118 at San Diego, 67 percent of them are out?

Captain DRENNON. About 67 percent is our estimate for in port.

Mr. ARNY. Are in port.

Senator MATTINGLY. Are in port?

Mr. ARNY. That number fluctuates depending on who is shifting. It can be higher or lower.

Senator MATTINGLY. I figured that. I did not figure it would come out with the exact percent.

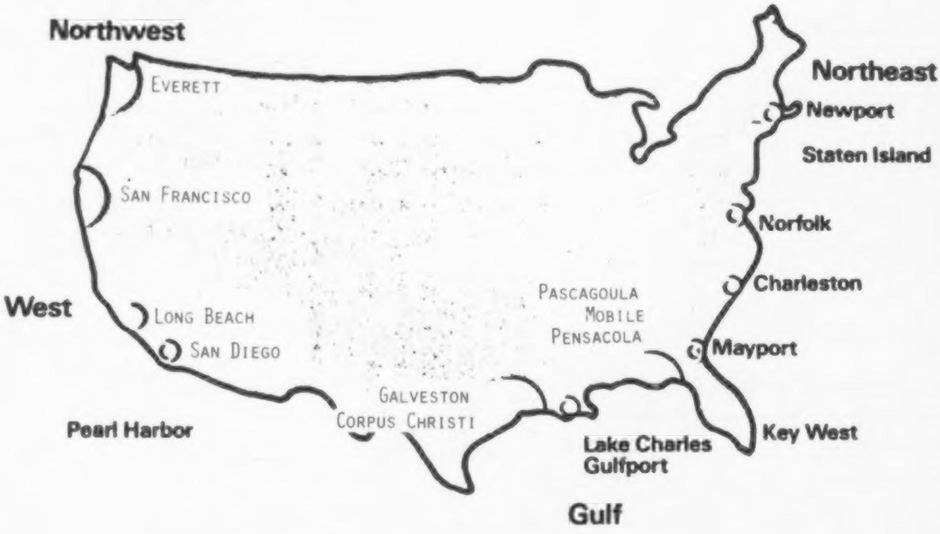
Captain DRENNON. We plan around that 67 percent.

Senator MATTINGLY. Yes.

PLAN

STRATEGIC
HOMEPORTING CONCEPT

PROPOSED PLAN


Northwest
Everett
Northeast
Newport
Staten Island
San Francisco
Norfolk
Charleston
West
Long Beach
San Diego
Pascagoula
Mobile
Pensacola
Mayport
Galveston
Corpus Christi
Pearl Harbor
Lake Charles
Gulfport
Key West
Gulf

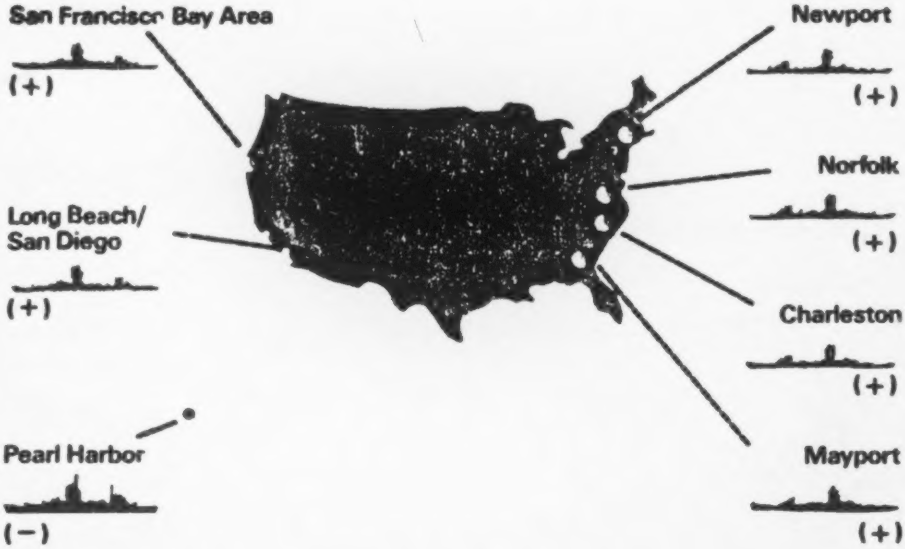
PROPOSED HOMEPORTING PLAN

Captain DRENNON. This is the proposed plan. It is a two-part plan. It changes the mix of ships in these existing major home ports, and also establishes new home ports for a battleship surface action group at Staten Island in the Northeast, the carrier battle group in the Northwest at Everett, a battleship surface action group in the Western Gulf, a carrier battle group in the Eastern Gulf, and a second battleship surface action group in the Pacific, with the major platform, the carrier, in San Francisco.

PLAN

STRATEGIC
HOMEPORTING CONCEPT

CHANGES IN EXISTING HOMEPORTS


San Francisco Bay Area
(+)
Newport
(+)
Norfolk
(+)
Long Beach/
San Diego
(+)
Charleston
(+)
Pearl Harbor
(−)
Mayport
(+)

EXISTING HOME PORTS

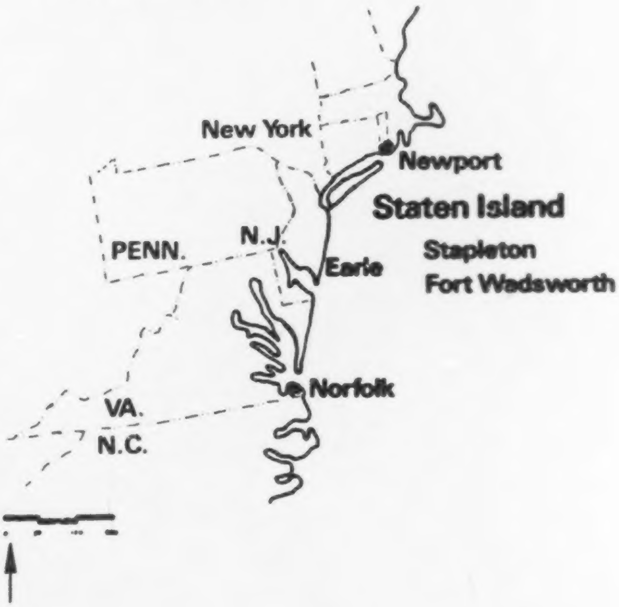
Let me digress again from the military construction and tell you for a minute about the existing home ports. From the fiscal year 1980 base of 479 ships, there actually will be an increase of ships in each of these home ports, all except for Pearl Harbor. In Pearl Harbor there will be a small decrease in ships, but an increase over what is actually there today.

When we look at the Southern California area as one grouping, there will be a decrease in ships in San Diego, but there will be an offsetting increase in Long Beach in the Southern California area. That will help us eliminate some of the triple-berthing and crowding conditions in San Diego, and take advantage of the existing berthing in the Long Beach area.

REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

NORTHEAST


New York
Newport
Staten Island
Stapleton
Fort Wadsworth
PENN.
N.J.
Earle
Norfolk
VA.
N.C.

Surface Action Group Composition

- 1 Battleship
- 1 Cruiser
- 3 Destroyers
- 2 Frigates (Reserve)

STATEN ISLAND BATTLE GROUP

In the Northeast, there will be a battle group surface action group at Staten Island with its proximity to the North Atlantic, and also the enormous potential for industrial and ship repair capability in the New York-New Jersey area.

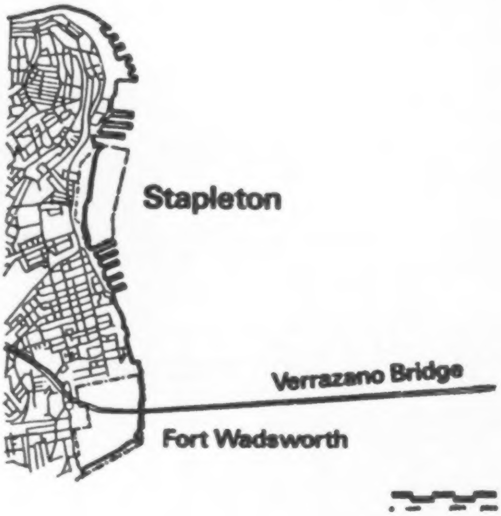
NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

STAPLETON

Newark
Brooklyn
Staten Island
New Jersey

VICINITY PLAN


Stapleton
Verrazano Bridge
Fort Wadsworth

SITE PLAN

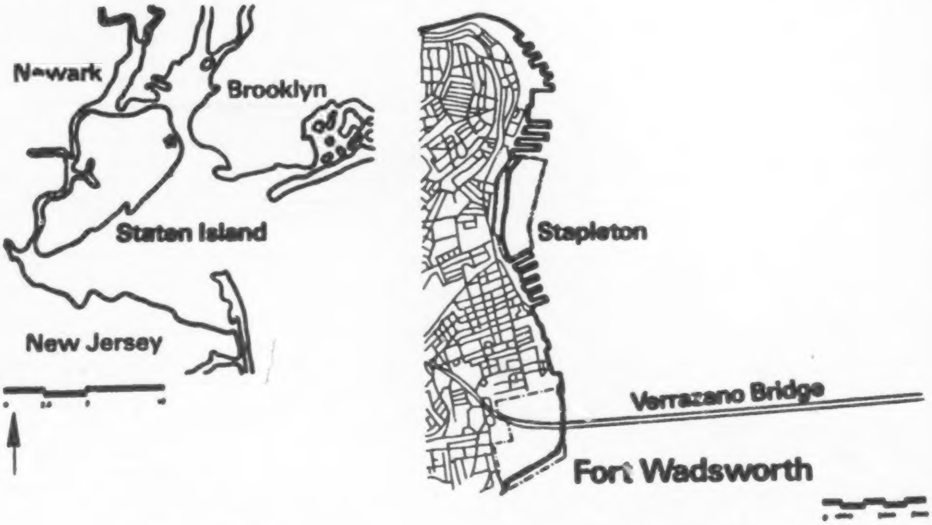
STAPLETON OPERATIONAL FACILITIES

Our operational facilities will be at Stapleton, a 50-acre site. New York City is providing us with a 15-year discount on the price of that property. We have a master plan for Stapleton. Designs are already underway and some completed for a number of these facilities in this single-pier concept.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

FORT WADSWORTH


Newark
Brooklyn
Staten Island
New Jersey
Stapleton
Verrazano Bridge
Fort Wadsworth

VICINITY PLAN

SITE PLAN

FORT WADSWORTH SITE

A mile and a half away at Fort Wadsworth we will have our administration and personnel support facilities. We have a master plan for Wadsworth which utilizes the existing buildings. The orange color is new buildings. It preserves the historical significance of the site. The structures, operations, and personnel support are on the north side with family housing, housing support, and recreation on the south side.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

NORTHEAST PROGRAM COSTS

	86	87	88	89	90	($ M) Basic[1]	Enhanced
Site Work/Land	6.9		17.7			24.6	24.6
Pier/Bulkheads	39.7					39.7	39.7
Dredging							
SIMA/W.F. OPS		23.0				23.0	23.0
Supply/PW		6.9	8.6			15.5	24.9
Admin./Train./Sec.							15.8
Community/Person.		2.0	15.7			17.7	35.6
BEQ/BOQ		8.6		5.1		13.7	13.7
Utilities	14.6	23.0	7.9	8.3		53.8	54.5
SUBTOTAL	61.2	63.5	49.8	13.4		188	231.8
NONAPPROPRIATED FUNDS						8.5	13.8
FAMILY HOUSING						38.4	59.4
TOTAL						234.9	305.0

[1] Does not include $15 M offset for dredging/bulkheads or 15 year discounting of Stapleton land.

NORTHEAST AREA PROGRAM COSTS

These are the program costs for the northeast area. The program years are across the top here, the generic groups of the facilities are down the lefthand side. Basic and enhanced levels for this area are here; $235 million approximately for the basic level. The $188 million which you see highlighted here is the number that the Secretary of the Navy last May had communicated to Congress as the amount of appropriated dollars that would be required. That does not include the nonappropriated or family housing.

ENHANCED LEVEL PROJECTS

The enhanced level that you see here are those projects required for full development of the master plan that I showed you, and the projects that are in the enhanced level, that are not in the basic, are not critical to the full initial operating capability, which is what the basic level is.

Senator MATTINGLY. Repeat that. You say you are asking for $188 million?

Mr. ARNY. Yes, sir.

Captain DRENNON. Yes, sir.

Senator MATTINGLY. What is the $231 million? What is that?

Captain DRENNON. The $231 million is if we fully developed the master plan that you saw before. We have master planned for full development of the site. For full initial operating capability to put the ships there and fully operate all those ships it will only take $188 million.

The projects that are in this enhanced list will compete with other projects throughout the Navy that are master planned at other bases throughout the Navy. They are not critical to the initial operations.

Mr. ARNY. It would be nice to have, but we do not need to have them.

Captain DRENNON. As an example here you will——

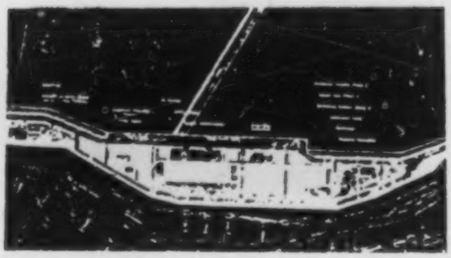
Senator MATTINGLY. So you do not need them.

Captain DRENNON. Zero in here for administration. Administration for the foreseeable future will be conducted still at the old Brooklyn Navy Yard where the CO is. Also on the chart is $15 million in offsets for dredging and bulkheads, and a 15-year discounting of property from the city of New York.

STAPLETON FY 86 AND 87 PROGRAM COSTS

FY 86

		($ M)
P-047	Sitework I	3.9
P-048	Piers and Bulkhead[1]	39.7
P-049	Dredging[2]	0.0
P-052	Utilities I	14.6
P-065	Land Acquisition	3.0
FY 86 TOTAL		61.2



FY 87

		($M)
P-069	Battleship Support Complex I	63.5
(Includes):	Supply Warehouses Sima Utilities and Site Improvements II	

(1) Added Funding by PANYNJ	$ 3.3 M
(2) Funding by PANYNJ	$11.7 M

FORT WADSWORTH FY 87 PROGRAM COSTS

			($ M)
FY 87	P-069	Battleship Support Complex I	63.5
	(Includes):	Bachelor Quarters Mess Hall	

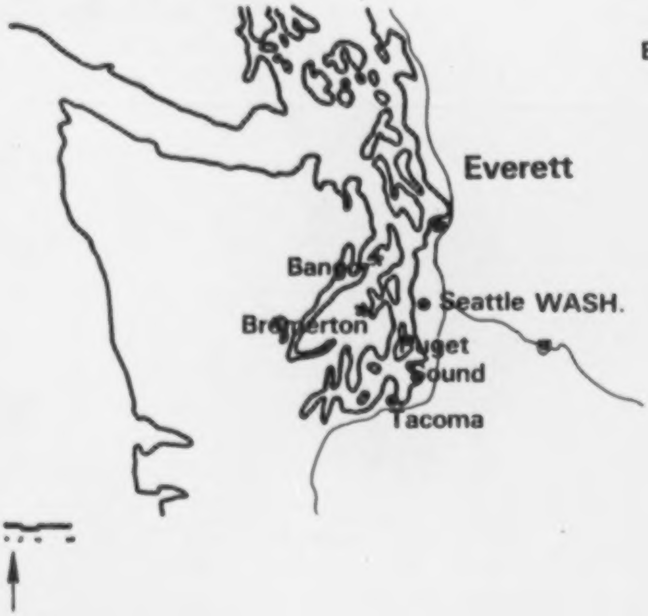
PROGRAM COSTS FOR 1986 AND 1987, FORT STAPLETON AND WADSWORTH

Here are the 1986 and 1987 program costs. These projects in 1986 have already been appropriated at $61.2 million. In 1987 there is one project P069 for the battleship support complex one at $63.5 million. Actually you will see $62.2 million because of last-minute inflation reductions in this area. It includes supply and utilities at Stapleton. It will also include bachelor quarters and mess hall at Wadsworth.

REGIONAL PLAN

STRATEGIC
HOMEPORTING CONCEPT

NORTHWEST



Everett
Bangor
Seattle WASH.
Bremerton
Puget
Sound
Tacoma

Battlegroup Composition

- 1 Aircraft Carrier
- 2 Cruisers
- 4 Destroyers
- 4 Frigates
  (2 Active and
  2 Reserve)

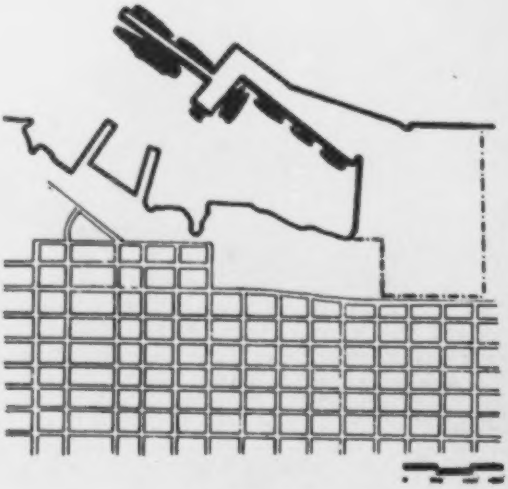
NORTHWEST REGIONAL
PLAN

STRATEGIC
HOMEPORTING CONCEPT

EVERETT

Bangor
Seattle
Bremerton

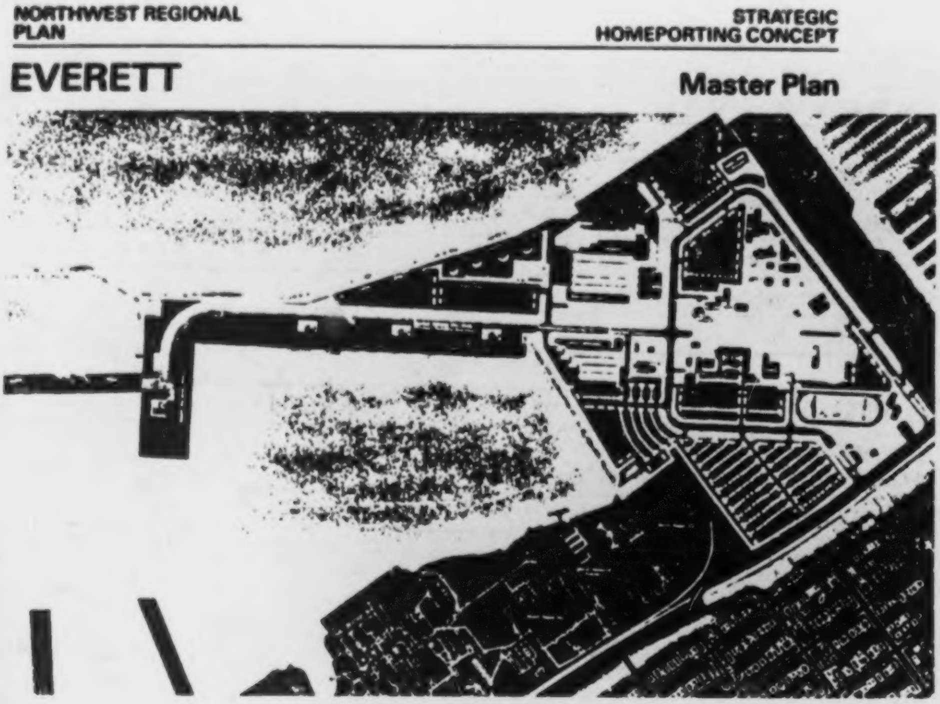
VICINITY PLAN



SITE PLAN

EVERETT WATERFRONT SITE

In the Northwest we have the Carrier Battle Group at Everett. We have the site here on the Everett waterfront, 117 acres of land.



NORTHWEST REGIONAL PLAN

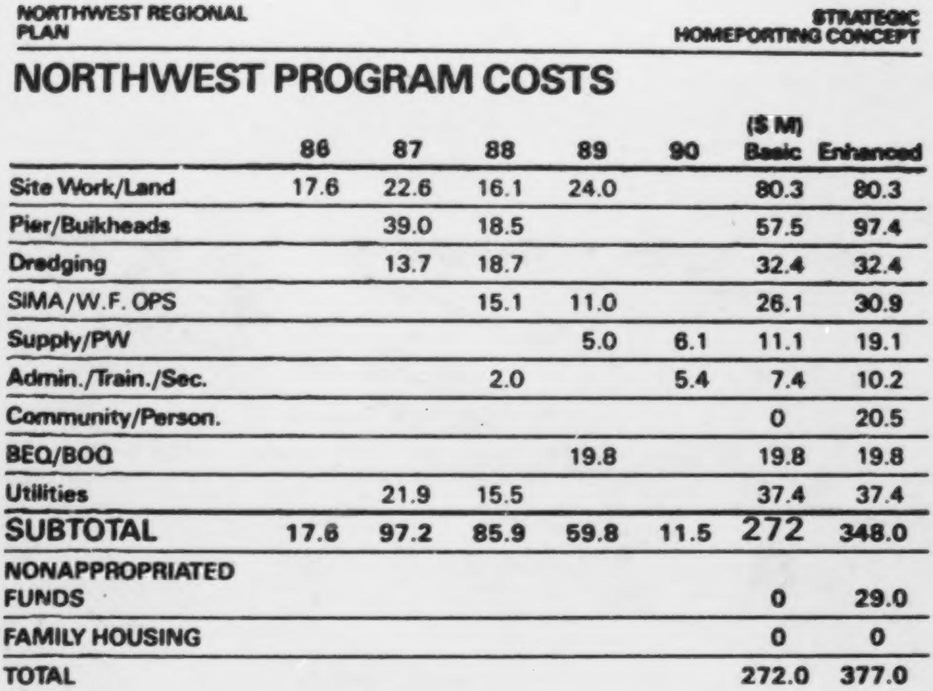
STRATEGIC HOMEPORTING CONCEPT

EVERETT

Master Plan

EVERETT MASTER PLAN

Here is the master plan for Everett. Ship berthing down in this area. Operational, maintenance, and repair and supply in this area. Personnel support and administration in this particular area.



NORTHWEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

NORTHWEST PROGRAM COSTS

	86	87	88	89	90	($ M) Basic	Enhanced
Site Work/Land	17.6	22.6	16.1	24.0		80.3	80.3
Pier/Bulkheads		39.0	18.5			57.5	97.4
Dredging		13.7	18.7			32.4	32.4
SIMA/W.F. OPS			15.1	11.0		26.1	30.9
Supply/PW				5.0	6.1	11.1	19.1
Admin./Train./Sec.			2.0		5.4	7.4	10.2
Community/Person.						0	20.5
BEQ/BOQ				19.8		19.8	19.8
Utilities		21.9	15.5			37.4	37.4
SUBTOTAL	17.6	97.2	85.9	59.8	11.5	272	348.0
NONAPPROPRIATED FUNDS						0	29.0
FAMILY HOUSING						0	0
TOTAL						272.0	377.0

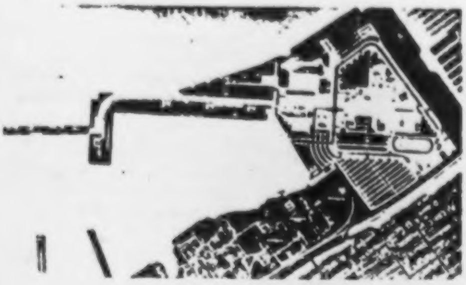
NORTHWEST PROGRAM COSTS

Here are the program costs for the Northwest. As you can see here, the total is $272 million for appropriated. Interesting on this particular chart is that family housing is zero. Our studies have shown that the quality of life and, from affordability and availability standpoints, housing is available in the Everett area.

This is contrasted today to housing deficits we have in San Diego of 6,200, Mayport of 1,100, and Norfolk with 4,200.

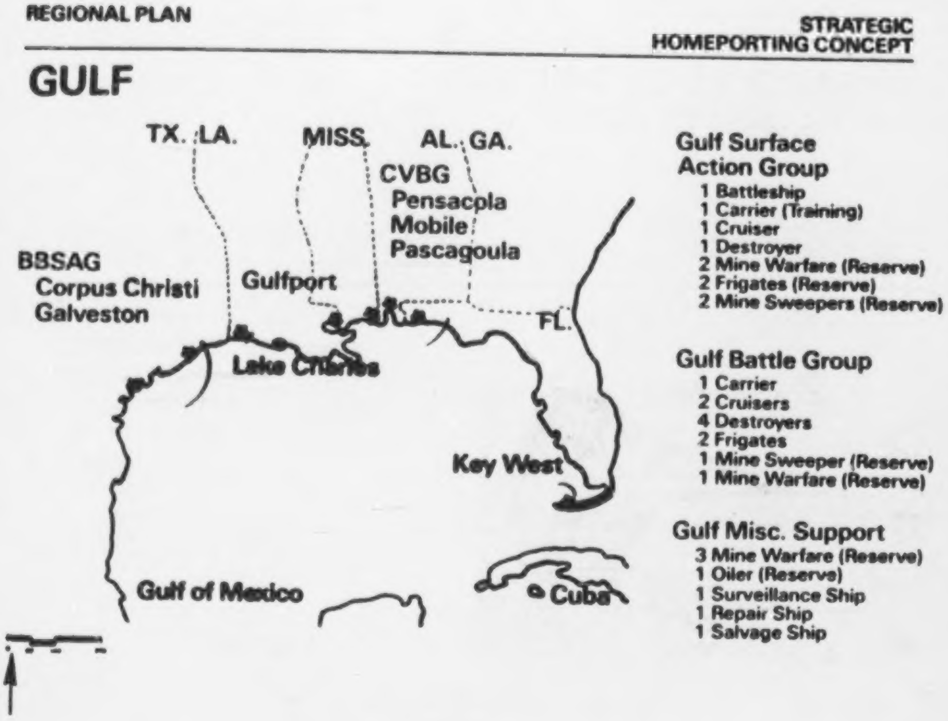
EVERETT FY 86 AND 87 PROGRAM COSTS

			($M)
FY 86	P-900	Land Acquisition	17.6
FY 87	P-111	Carrier Support Complex	97.2
	(Includes):	Dredging and Breakwater Mole and Site Improvements Utilities Phase 1 Land Acquisition CVBG Pier	



EVERETT 1986 AND 1987 PROJECTS

These are the projects for 1986 and 1987 for Everett. In 1986, already appropriated is land acquisition of $17.6 million for the first phase. One project is in 1987, P111, carries support complex primarily. Out in this particular area, $97.2 million. Actually, that is going to be $95.4 million due to the inflation reduction.



REGIONAL PLAN

STRATEGIC
HOMEPORTING CONCEPT

GULF

Gulf Surface Action Group
- 1 Battleship
- 1 Carrier (Training)
- 1 Cruiser
- 1 Destroyer
- 2 Mine Warfare (Reserve)
- 2 Frigates (Reserve)
- 2 Mine Sweepers (Reserve)

Gulf Battle Group
- 1 Carrier
- 2 Cruisers
- 4 Destroyers
- 2 Frigates
- 1 Mine Sweeper (Reserve)
- 1 Mine Warfare (Reserve)

Gulf Misc. Support
- 3 Mine Warfare (Reserve)
- 1 Oiler (Reserve)
- 1 Surveillance Ship
- 1 Repair Ship
- 1 Salvage Ship

GULF COAST AREA

In the gulf coast I have slides on individual sites, but I will not go through those. I am just going to talk in general about the gulf coast, because we are still planning for this area. There will be a battleship surface action group in the West centered around Corpus Christi and a carrier battle group in the East centered around Pensacola.

Now we are still in planning, still doing our master planning and still doing our environmental impact statements in this area. But we do have some program costs for the gulf that we are planning against.

COST OF GULF COAST HOME PORTING

The total cost is $254 million, the first projects of which will start in the 1988 timeframe. Now our other studies have shown that it would cost about $300 million if we took the same ships and placed them in existing home ports. The reason we can only ask for $254 million in this area is because the gulf coast communities and States have offered $130 million in funding offsets for waterfront work, for dredging, for utilities, and roads to the sites, and for land.

WEST REGIONAL
PLAN

STRATEGIC
HOMEPORTING CONCEPT

WEST

SAN FRANCISCO
Treasure Island
Hunters Point
CA.
Long Beach
Pearl Harbor

Expanded Surface Action Group Composition

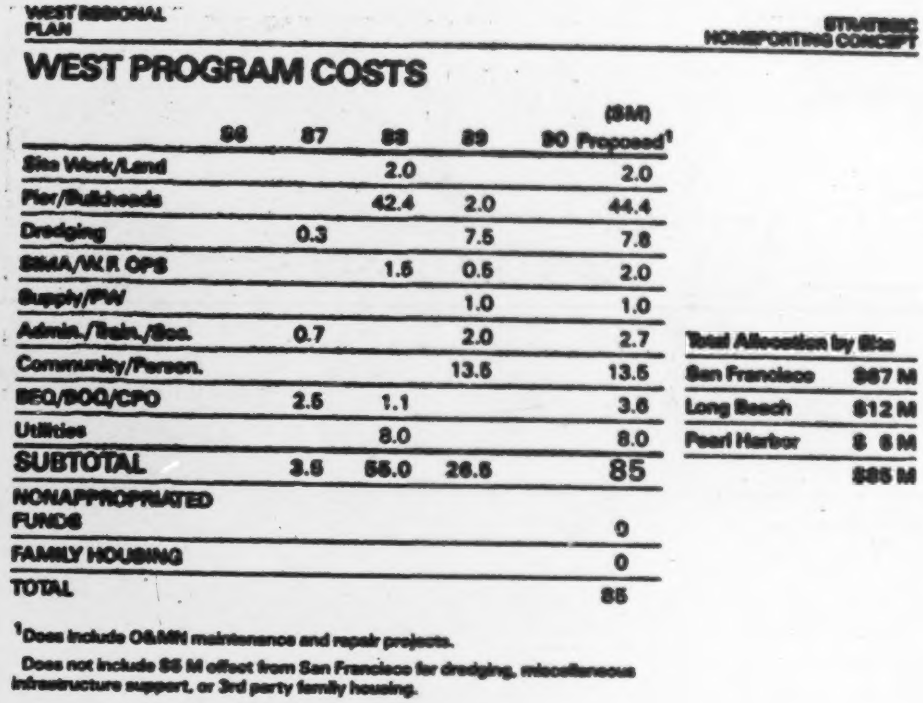
SAN FRANCISCO
- 1 Battleship
- 1 Cruiser
- 4 Frigates (Reserve)
- 2 Mine Counter Measure (Reserve)

PEARL HARBOR
- 1 Cruiser
- 3 Destroyers

LONG BEACH
- 4 Frigates

BATTLESHIP SURFACE ACTION GROUP

The second battleship surface action group will go into San Francisco with the battleship and the cruiser, four frigates, and two mine countermeasure ships in the San Francisco area at Treasure Island and Hunters Point. Other ships, taking advantage of existing berthing capacity at Long Beach and at Pearl Harbor will go into those two sites.



WEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

WEST PROGRAM COSTS

	86	87	88	89	($M) 90 Proposed[1]
Site Work/Land			2.0		2.0
Pier/Bulkheads			42.4	2.0	44.4
Dredging		0.3		7.5	7.8
SIMA/W.F. OPS			1.5	0.5	2.0
Supply/PW				1.0	1.0
Admin./Train./Sec.		0.7		2.0	2.7
Community/Person.				13.5	13.5
BEQ/BOQ/CPO		2.5	1.1		3.6
Utilities			8.0		8.0
SUBTOTAL		3.5	55.0	26.5	85
NONAPPROPRIATED FUNDS					0
FAMILY HOUSING					0
TOTAL					85

Total Allocation by Site	
San Francisco	$67 M
Long Beach	$12 M
Pearl Harbor	$ 6 M
	$85 M

[1] Does include O&MN maintenance and repair projects.

Does not include $5 M offset from San Francisco for dredging, miscellaneous infrastructure support, or 3rd party family housing.

WEST PROGRAM COSTS

Our program costs for the West are still in the planning stages. The cost is $85 million. This was the low-cost option that we looked at. It includes operation and maintenance moneys, as well as military construction. Actually, these 1987 dollar projects here are operation and maintenance repair projects. This also includes $5 million in offset from the city of San Francisco for dredging, $1 million a year in maintenance dredging, and third-party financed housing. Also there are offers of third-party financed housing from Pearl Harbor and Long Beach.

SUMMARY

STRATEGIC HOMEPORTING CONCEPT

COST SUMMARY

Location	86	87	88	89	90	($ M) Total
BB SAG Staten Island	61	64	50	13	0	188
CVBG Everett	18	97	86	60	11	272
BB SAG & CVBG Gulf Coast	0	0	125	100	29	254
BB SAG PACFLT	0	3	55	27	0	85
	79	164	316	200	40	799*

*Does not include $150 M in offset projects, family housing, NAF Projects, or miscellaneous infrastructure support.

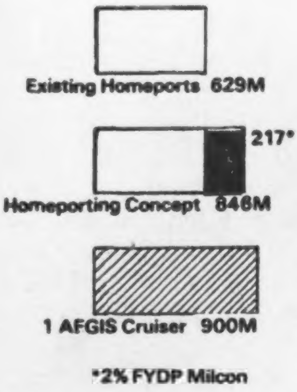
SUMMARY COST FOR ALL SITES

This is again a summary of the cost for all of the sites. This is the appropriated amount that is highlighted at $799 million. That does not include the family housing or the nonappropriated projects. It does not include the $150 million in funding offsets from local and State communities.

SUMMARY

STRATEGIC HOMEPORTING CONCEPT

COST EFFECTIVENESS



COST COMPARISION

RELATIVE BENEFIT

- Rendezvous Time
- Contingency Response Time
- Survivability
- Ship Channels
- Dispersed Repair and Logistics
- Group Integrity

BENEFITS

COST EFFECTIVENESS IN HOME PORTING

The Navy has maintained all along that strategic home porting is about strategic effectiveness not cost effectiveness, but we believe there is a case for cost effectiveness. If you took that $799 million and you added the housing and the nonappropriated funds' projects to it, you would come up with $846 million. If you took those same ships that we are going to home port in these new home ports and you put them in the existing home ports, our cost studies show it would cost us $629 million. So we see the delta cost for this of $217 million.

In trying to put that in some perspective, that is about 2 percent of our 5-year defense plan in Milcon over the same time period that we are going to do this construction. If you want to look at it from a strategic standpoint and a savings standpoint, one Aegis cruiser today costs us about $900 million, which is more than the total cost we are talking about here.

OPERATIONS RESEARCH ANALYSIS

We have also done some operations research analysis. It is like a great big marshmallow. It depends on the scenarios; it depends on how you deal with the constants and the variables; but we have looked at rendezvous time, continuous survivability, ship channels, dispersal, and so forth, and graphically shown here we can see that there is a relative benefit to the strategic home porting concept.

Thank you, sir.

Senator MATTINGLY. I do not know whether I would use that marshmallow term too much when you go to the Armed Services Committee right now. [Laughter.]

Senator MATTINGLY. You all spent 35 minutes on home porting. Is there nothing else you are going to ask for this year except home porting? I know why you are giving your pitch.

LOCATION OF SHIPS WITHOUT NEW PORTS

What would the Navy do with the ships if there are no new ports approved?

Mr. ARNY. We would put them in our existing home ports, sir. The burden, though, would be tremendous, because obviously it is not free, and unfortunately the GAO study almost listed it as being free if we were to put them in existing home ports. We have a letter which we will give to your staff from commander in chief of the Atlantic Fleet who was around then and talked about the golden days of the 1960's when we had a lot of ships, and we spent a lot of time anchored out in the harbor.

You cannot do maintenance. You have to run the plant all the time. You run the kids back and forth in boats. There are a lot of disadvantages. But we would do it. When we have the ships come in, we will put them where we have to, but it would be difficult and would not be free.

Senator MATTINGLY. Well, it is obvious that the additional facilities would be necessary even with the existing home ports, that they would be required. The fact remains that the basic infrastructure would be in place.

O&M AND RELATED COSTS OF NEW PORTS

What are the O&M and related costs associated with the new ports, in particular with the gulf coast dispersal? How much more is it going to cost by having several locations versus one major new port in that area?

Mr. ARNY. We are working on those costs now in answer to a request from one of the other committees. Again, it is more expensive because the infrastructure is in place in the existing home ports. There is a marginal cost at the existing home ports, but obviously at the new home ports you have to spend money to put in new facilities.

We are looking at it, depending which home port you choose, and we are looking at the costs in Everett and in Staten Island. Again, only part of Staten Island has to be built from the ground up because the Stapleton facility is new, but Fort Wadsworth exists, so we have an infrastructure. In some of our gulf coast home ports, we may have to spend $5 to $10 million a year in an account where we are spending $3.7 billion a year in O&M.

So, yes, it is an increase in cost, but based on the strategic benefits weighed against the small increase in costs, we feel it is affordable.

VULNERABILITY OF FLEET WITHOUT NEW PORTS

Senator MATTINGLY. If one of the main reasons for going to the new strategic home porting is for dispersal due to a threat, if there is no dispersal of the existing fleet in the number of ships in San Diego, Norfolk, and Charleston, what does that do to your debate in reference to home porting?

Mr. ARNY. You mean if we do not get new home ports and they have to build up those ports?

Senator MATTINGLY. Right.

Mr. ARNY. It just makes it harder on us. It makes us more vulnerable strategically. It gives the Soviets less of a problem to worry about in terms of us being on the defensive.

Senator MATTINGLY. But it does not really disperse any more of the fleet out of those areas, does it?

Mr. ARNY. Oh, I see what you mean. What we have done in those areas is, for instance in Mayport we had concentrated all the frigates. What we have done now is we are not only dispersing ships to other ports, but we are changing the mix so that even in the major ports we are changing the mix around so we have more of the battle group integrity.

Senator MATTINGLY. Is there on these eight home ports that you have gotten new ones, is there a plan for more home porting after that?

Mr. ARNY. No, sir; not at this point.

NEW SOVIET PORTS

Senator MATTINGLY. If I were trying to press this, one thing that you did not bring up in your statements was how many new Soviet ports have been established in the last 10 or 15 years? Does anybody know?

Mr. ARNY. A lot.

Senator MATTINGLY. We know they have got one in Vietnam, right?

Mr. ARNY. Yes; a good one. Some of my civil engineers helped work on it.

Senator MATTINGLY. But there have been several ports established, if I am not mistaken.

Mr. ARNY. The Red Sea, a couple on the Red Sea, and in West Africa.

Senator MATTINGLY. I think it would help this committee if you would provide say for the last 10 years the number of new ports. I do not know what they have done in Afghanistan or wherever they have been. Probably nothing there, I guess. But the other thing is do you have anything in reference to any new port being built in Nicaragua?

Mr. ARNY. Yes; we do.

Senator MATTINGLY. I think you ought to provide that to the committee, also. I do not think that is classified.

Mr. ARNY. No, sir; it is not.

Senator MATTINGLY. Is it not on the southeast coast, or something?

Mr. ARNY. It looks like it may be a submarine base.

NEW PORT PRIORITIES

Senator MATTINGLY. Now if you had to, through costs this year, if you had to stretch out these programs, have you got any ideas in reference to which ones you would want to have built first and the ones that might be deferred to the next year? Do you have a priority on the eight? If you do not——

Mr. ARNY. We are trying—well, we do not. If forced to, we will go back and reevaluate that. We are faced with some IOC's. The ships are coming, and they have all been authorized and appropriated. So that is the issue we are facing.

Senator MATTINGLY. Well, I know, but we have got a lot of other issues we are facing over here, too. I just want to know if there are any—I mean, the whole budget is full of priorities. You can go over there and put up a slide show on what your wish list was versus what you really want on the moneys. I am sure we have got the same list somewhere about the eight ports. One of them has got to be more vital than the other.

Mr. ARNY. What we will probably do is——

Senator MATTINGLY. Because I have been struggling with this for over 6 years trying to get everybody to prioritize something all over the Federal Government, and nobody will ever do it. But obviously there must be somebody somewhere in the bowels of the system that can say which is first and which is second.

KINGS BAY PROGRAM

You know, if we tried to compare the new strategic home ports with the Kings Bay Program, would you call what we have done at Kings Bay as a basic or enhanced program?

Mr. ARNY. I will let the admiral give us some of the details on that program, but I think—I have not toured the Kings Bay facility, although I have driven past the exit on the interstate. As a matter of fact, I lost something out of the car and had to turn around there.

Senator MATTINGLY. Some people will not even stop for that.

Mr. ARNY. But I have been out at Bangor and I looked at the projects. It is basic plus some of the enhanced features. That is my opinion. I will let the admiral respond.

Rear Admiral JONES. That is essentially true. It is basic, plus some of the enhanced features. Also at Kings Bay in particular we are phasing that, as you know, sir, out over a number of years. We started the first work on the Trident Program with the 1982 program.That program goes out at least through 1991. We will be bringing those facilities on line to match the arrival of the Trident submarines. And of course we are talking at Kings Bay about a much larger scope because of the missile assembly production facilities, major magazine areas, a drydock, and refit facilities—all of which are very expensive. The scope of Kings Bay is far exceeding in dollars and facilities and requirements anything we plan at Everett, or Staten Island, or any of the gulf coast ports.

Mr. ARNY. There are a lot of unique requirements for those boats in that mission that we could not duplicate. We could not home port the boomers at any of our eight sites.

EVERETT BASE

Senator MATTINGLY. Speaking of Everett, how close is the base in Everett to Bangor?

Mr. ARNY. To Bangor, it is across the sound. So in distance, it is not too far, but in time you have got to take, there are no bridges across there, you have got to take the ferry.

Senator MATTINGLY. Is it dispersal?

Rear Admiral JONES. As far as Bangor is concerned, sir, there is absolutely no surface Navy in that area now.

Senator MATTINGLY. Well, there may not be any surface Navy but that has not got anything to do with it. It is the ship in port.

Rear Admiral JONES. I am talking about providing the surface cover for the ballistic missile submarines.

Mr. ARNY. They are all in the same location.

Rear Admiral JONES. We need a presence there to provide cover for the submarines. I have heard the CNO say that personally.

Senator MATTINGLY. You need a home port in order to provide protection?

Rear Admiral JONES. You need a surface Navy presence in the Northwest, because that is where we have——

Senator MATTINGLY. I was looking just from the standpoint of the security of trying to disperse the fleet. Those two are pretty close together. I am not sure that is dispersal.

Mr. ARNY. Yes, sir; it is also that we need better coverage of that area from a surface Navy perspective, plus when we look at responding to most crises we are not using the boomers for that purpose. They are on a regular rotation and they have a separate mission.

CREATIVE FINANCING

Senator MATTINGLY. I am going to need some information about, somebody referred to the third-party financing, what we call creative financing, just what is involved in this. I do not know whether it is in here or not. Is it?

Rear Admiral JONES. No, sir; it is not in there. The third-party financing that Captain Drennon referred to was an arrangement that we are trying to work out with the city of San Francisco whereby they will encourage the private sector to build family housing that could be rented to anybody but that would have some priority for our sailors and would be affordable.

We are looking at a 10 United States Code 2667 type operation where we would outlease some land that we have at Hunter's Point. The city of San Francisco is interested in revitalization of that area. They would encourage an entrepreneur to build family housing along with other ancillary services—laundromats, shops, that sort of thing—not in competition with our commissary and exchange, but with other amenities in the community that would make it an attractive community both to the private sector as well as to our Navy families. These would be built in such a way that our sailors could go and enter into their own agreement with the entrepreneur and be able to obtain affordable housing.

We have a several thousand family housing deficit in San Francisco, and we think that we can bite off a big chunk of it with this operation. We are negotiating the MOU with the city of San Francisco now. We certainly intend as we would have to, and even before we go out on the street with a request for proposal by the city, or enter into any kind of a lease with the city, we will have to notify the Congress anyway, all the committees, because that is what is required in the 2667.

Mr. ARNY. The city has been very cooperative. This is a piece of land, if it is still the same piece we are talking about, which we had had to excess through GSA and it had been sitting there. The city was negotiating with the Navy to buy it and perhaps not, but it was definitely in their court. And when the strategic homeporting came around, we went to the city and they said it is yours. We do not need it because we understand the land is basically——

Senator MATTINGLY. They are not going to take it back if they do not get the port out there.

Rear Admiral JONES. We certainly hope to get the port there.

THIRD-PARTY FINANCING AT FORT DRUM

Senator MATTINGLY. Are they not doing the third-party financing up in Fort Drum, too, if I am not mistaken? I assume that you all look at those things so you do not have to do a new study. I think they have done about four or five studies up there, economic analyses. You probably do not need any more of those.

Not to be the devil's advocate on it, but I think that is what we are going to have to be from the standpoint of if we are going to end up winning the issue. So it is great to look at all those charts up there, but we had better figure out what the threat is from the Soviet Union, so we can put that thing down. I think you need to look at the priorities, also, on the ports.

Mr. ARNY. What we would like to do is proceed toward——

Senator MATTINGLY. Let me just finish up. I have seen it happen time and time again, when everybody says I want you to prioritize something, and somebody says we cannot do it, we have got to have all this and there is no other position. And then when they take away the money, they say we did have position B, and we end up sometimes going with B. So it would sort of be nice to get that.

Mr. ARNY. We will work with you on that.

FORT MYER GYMNASIUM

Senator MATTINGLY. We had a hearing yesterday with the Army——

Mr. ARNY. The general mentioned it.

Senator MATTINGLY [continuing]. About the gymnasium. Good. Great. OK. The Army says they are planning a gym next to Fort Myer, right next to Henderson Hall, wherever that is, and now the Army informs me that there is coordination of the two gyms. But quite frankly, they did not seem to have a good justification for two facilities when one larger gym might serve the same purpose. I hate to get down to nitpicking, but this whole budget is full of nitpicking, not just yours but the whole 9 yards.

So I think it would be in the best interests of everybody to have one gym.

Rear Admiral JONES. Could we let the general speak to that, sir?

Brigadier General HOAR. May I speak to that, sir?

Senator MATTINGLY. You certainly may.

Brigadier General HOAR. I would like to make a couple of points. First of all, the gymnasium at Henderson Hall, and there is one that exists today, is there principally for readiness. I will speak to that in more detail in a moment.

Second, the present facility is inadequate, and there is a definite need for a gymnasium. I think I can demonstrate to you that it needs to be at Henderson Hall. If I may, I will read to you just the first sentence of the policy statement from the Marine Corps Order on Physical Fitness, and I quote:

"It is essential to the day-to-day effectiveness and combat readiness of the Marine Corps that every Marine be physically fit regardless of his duty assignment." The order goes on to say that every marine, as a minimum, needs to work out three times a week, and that the workout will be supervised when possible and should be done during working hours.

ILLUSTRATIONS OF TRAINING FACILITIES AND CONDITIONS

[CLERK'S NOTE: Illustrations referred to on the following pages will not be included in the record. They will, however, be retained in the subcommittee files.]

Now Washington presents some unique opportunities. This is the current gymnasium. There are two 40-year-old Butler buildings tied together.

Senator MATTINGLY. That is better than the Senate gym. [Laughter.]

Brigadier General HOAR. I believe it is larger, sir.

Senator MATTINGLY. It probably is larger than the Senate gym.

Brigadier General HOAR. This outside area here includes workout areas for doing pullups, and you can see boards that are on the ground for doing situps. There is an austere weight lifting section inside.

Senator MATTINGLY. Did you take that at the Senate gym? [Laughter.]

Brigadier General HOAR. Here are some other shots of the outside. The pullup bars that are outside. My folks gave me a shot of the plumbing to remind me of the problems of no hot water, or no water at all frequently during the year. I would make a point that we have 2,500 marines that are assigned at the Navy Annex, which is our headquarters in Arlington. There are another 2,000 sailors that work in that same facility. The daily load is between 1,000 and 1,200 men and women who use the gymnasium.

The existing facility is principally there to maintain physical readiness of the marines who are assigned to Washington who have little other opportunity. Most of the marines who use that facility work out during working hours. They go down for an hour or so in the middle of the day, quickly take a run, do some exercises, grab a quick shower when there is water, and back to work.

Now the site at Fort Myer is about a 1-mile distance, about a 20- to 25-minute walk, which would make regular use really quite difficult.

Senator MATTINGLY. It would be good exercise.

Brigadier General HOAR. Well, indeed it would, sir. The trouble is you would be in your work clothes, which is not very practical.

In the past we used to run through Fort Myer. However, in 1968, when I was first assigned to Washington we were asked not to do that because it interfered with memorial services at the chapel there. In a later tour, we used to conduct our semiannual physical fitness test over there. We were again asked not to do that because it disrupted the traffic at the dispensary, the commissary, the PX, and other ongoing activities.

I would suggest to you, sir, that the two posts have different missions. They are both crowded. We have worked together to produce two gyms that are complementary to one another. I cannot, however, speak specifically for the Army requirements, but I would state in the strongest terms, the Marine Corps requirement is not for recreation but for readiness for an exercise facility for the marines close to their work that would allow them to get in and get out and get back to their workplace.

Senator MATTINGLY. We do not want to spend forever on this issue, but the final thing may either be one gym or no gym.

Brigadier General HOAR. Yes, sir.

Senator MATTINGLY. So we will just wait and see, I guess, as we go through the budget. I think that has got about as much survivability as rehabilitation of the Navy Band building last year. Excuse me, I did not mean to bring that one up. Is it in the budget again this year?

Rear Admiral JONES. No, sir; it did not make the cut this year, sir.

Senator MATTINGLY. I really was not going to bring that up, but when I saw you sitting there I thought I would go ahead and do it anyhow.

Mr. ARNY. That took awhile.

Senator MATTINGLY. I do not have very many questions. The rest of them you all can really put in a written response to them.

EARL, NJ PROJECT

I do want to ask you one more in reference to, in the fiscal year 1987 budget you include a project in Earl, NJ, for $52.5 million, and another in Alameda, CA, for $17.7 million. Does the Navy really have a master plan that covers the pier construction at existing naval bases?

Rear Admiral JONES. Yes, sir; I can explain.

Senator MATTINGLY. Do you have them? Could you give them to us in advance?

Rear Admiral JONES. Yes, sir; we can do that.

Senator MATTINGLY. Good. But I know we do not want to belabor this anymore, because you all do an excellent job, and you know full well that coming in here as you did in reference to home porting, you know where the controversy is going to come up as it is right now. But I think we need to get prepared for it. I think there is more to it than just the mortar and the bricks and things like that, because I think we need to look at it from the standpoint of the threat. I think we need to address that just a little bit better, because is what the Armed Services Committee is going to be taking up, and that is what our debate is going to be on. I will let Rick read this, but lots of luck.

We appreciate you all coming by, and thank you.

Rear Admiral JONES. It is always a pleasure, sir.

Senator MATTINGLY. We have tried to hold these down to as few in number as we can, and the rest we will do by telephone until we strike up the budget.

SUBCOMMITTEE RECESS

We will recess until this afternoon at 2 o'clock.

[Whereupon, at 12 noon, Thursday, March 20, the subcommittee was recessed, to reconvene at 2 p.m., the same day.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MARCH 20, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:05 p.m., in room S-126, the Capitol, Hon. Mack Mattingly (chairman) presiding.

Present: Senator Mattingly.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

STATEMENTS OF:

BRIG. GEN. JOHN F. McMERTY, USAF, DEPUTY DIRECTOR, AIR NATIONAL GUARD, DEPARTMENT OF THE AIR FORCE

BRIG. GEN. SHIRLEY M. CARPENTER, USAF, DEPUTY CHIEF, AIR FORCE RESERVE, DEPARTMENT OF THE AIR FORCE

MAJ. GEN. GEORGE E. ELLIS, USAF, DIRECTOR, AIR FORCE ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

BUDGET REQUEST

Senator MATTINGLY. Good afternoon. The subcommittee will come to order.

This afternoon we are going to receive testimony from the Air Force, the Air National Guard, and the Air Force Reserve on their military construction and family housing programs as requested in the President's fiscal year 1987 budget.

The active Air Force request for fiscal year 1987 is $1.8 billion for Milcon and $860 million for family housing. Both of these amounts are less than the request considered last year, but they are $192 million and $54 million respectively above the adjusted fiscal year 1986 appropriation.

GUARD BUDGET

The Guard is seeking $140 million—$3 million above last year's request and about $25 million above the 1986 adjusted appropriation.

RESERVE BUDGET

As we begin to review the budget, I want you to know that I will continue to support, and I believe this subcommittee will continue to support the need for new and improved facilities, including the Air Force Reserve request which is $58.9 million—$1 million below last year's adjusted appropriation and about $8 million below the budget request for fiscal year 1986.

I am sure you are all aware that we will continue to look carefully at each and every project that will be coming before us to make sure that it is fully justified, because I think it is the responsibility of all of us to bring Federal spending under control, and it is essential that the Air Force work with the Congress to guarantee that there is no unnecessary funding included in the Milcon budgets.

INTRODUCTION OF WITNESSES

At this time, I would like to welcome this afternoon's witnesses, General Ellis, General McMerty, and General Carpenter.

I want to extend to each of you a personal welcome, and we are flying solo here which kind of makes it easier for you. So I look forward to working with you all through this process.

HEARING PROCEDURE

I want to tell you how we are going handle today's hearing. If there are no objections, we will begin with the Guard and Reserve, whose testimony is usually short. I think you know my position in reference to the Guard and Reserve, and we really commend you for the outstanding job that you all have been doing. I will submit my questions for the record for your programs, and you can respond in writing to them.

And after the Guard and the Reserve have presented their programs, then, General Ellis, you may proceed at that time.

So with that, who wants to speak first?

AIR NATIONAL GUARD

CHANGES IN AIR NATIONAL GUARD

Brigadier General McMERTY. It is my pleasure to be here to present the Air National Guard Military Construction request to you, sir.

The Air National Guard has experienced considerable change over the past years. We currently number almost 110,000 personnel and are projecting an increase to 115,000 by the close of fiscal year 1987. Similar growth is reflected in our facilities and construction requirements as we continue F-4 and C-130 series upgrade and robusting, F-16 and F-15 conversion programs, and satisfying the considerable beddown requirements for C5 and C-141 Strategic Airlift missions.

Our expanded capabilities and newly acquired missions will enable the Air National Guard to contribute an even greater portion of the total Air Force combat capability.

The Air National Guard continues to make a significant contribution to the Air Force mission at minimal cost, and is a full partner of the active force with daily alert and support missions. I believe that past investments in the Air National Guard have been worthwhile and have contributed to the high degree of efficiency with which we accomplish our missions.

The Air National Guard mission could not be accomplished without a sizeable outlay for essential facilities. As you mentioned, our proposed request this year is for $140 million for military construction. That includes $122.5 million for major construction; $2.1 million for unspecified minor construction; and $15.4 million for planning and design.

The program is composed of 34 major projects at 26 installations in 21 States. Of these projects, approximately three-quarters support new missions, conversions, and relocations. The remaining program reduces a few of the most essential facility replacement requirements generated by an existing $4.8 billion physical plant averaging 28 years of age.

Upon completion of the proposed fiscal year 1987 program, some 473 military construction projects, with a total estimated cost of $780 million, will still exist as valid unfunded requirements.

The entire fiscal year 1986 program is expected to be executed in fiscal year 1986, with the exception of 12 authorized projects which were deferred to satisfy a $13.85 million congressionally directed appropriation reduction.

Additionally, we have not been able to construct seven authorized fiscal year 1985 projects due to lack of bid savings necessary to offset the $10 million congressionally directed appropriation reduction in our fiscal year 1985 budget submission. The combined effect of the 1985 and 1986 general reductions has resulted in deferral of 19 badly needed projects valued at about $22.3 million.

Senator MATTINGLY. Are they included in the fiscal year 1987 budget?

Brigadier General MCMERTY. One, sir—the squadron OPS facility at Rosecrans Map, MO.

Mr. Chairman, with your support the Air National Guard will continue to meet the challenge of its expanded role in the total Air Force mission. Approval of the request we submit to you today is essential to ensure that the Air National Guard has the capacity to fulfill its responsibilities. Any reductions will seriously detract from our ability to accept and expand missions and to maintain our current high state of readiness.

We appreciate the support we have received from this committee in the past, and we look forward to working together to serve the best interests of our Nation in the future. Thank you for the chance to speak with you today.

Senator MATTINGLY. Thank you.

[The prepared statement of Brigadier General McMerty follows:]

PREPARED STATEMENT OF BRIG. GEN. JOHN F. MCMERTY

DEPUTY DIRECTOR

AIR NATIONAL GUARD

Mr. Chairman and members of the committee, it is my pleasure to appear before you with the Air National Guard Military Construction request for FY 1987. This year's program is vital to our continued high state of readiness and addresses only the minimal requirements needed for scheduled aircraft conversions, new missions, relocations, essential plant replacements and facility upgrades.

The Air National Guard has experienced considerable change over the past years but has been able to stay combat ready due to the continued strong support from the Department of the Air Force, the Department of Defense, and the Congress. I would like to take a moment to briefly review where we stand today.

We currently number almost 110,000 personnel and are projecting an end-strength of 115,000 by the close of FY 87. Similar growth is reflected in our facility construction requirements as we continue F-4 and C-130 series upgrade and robusting, F-16 and F-15 conversion programs, and satisfy the beddown requirements for C-5 and C-141 Strategic Airlift missions. Our expanded capabilities and newly acquired missions will enable the Air National Guard to contribute an even greater portion of the total Air Force combat capability. In FY 87, the Air National Guard will possess approximately three quarters of the total Air Force Air Defense Interceptor Forces, half of the Tactical Reconnaissance Forces, one third of the Tactical Airlift Forces, a quarter of the total Air Force Tactical Fighter and Air Support Forces, and will provide increased capability to the Strategic Airlift Mission. Other ANG units will continue to play an important part in augmenting the Aerial Refueling, Rescue and Recovery, and Special Operations missions. There are 298 mission support units located with our flying units. These are primarily Medical, Civil Engineering, Security, and Aerial Port units. Similar to their flying unit counterparts, our geographically separated mission support units will further expand or continue their missions in the major areas of Combat Communication, Weather, Tactical Control, Electronics Engineering Installation, Civil Engineering, Medical and Air Base Ground Defense.

The ANG continues to make a significant contribution to the Air Force mission at minimal cost, and is a full-time partner of the active force with daily alert and support missions. I believe that past investments in the ANG have been economical, and have demonstrated the high degree of professionalism with which we can accomplish these missions.

This mission support I have described could not be accomplished without sizeable outlays for essential facilities. Our proposed $140 million Military Construction request for FY 87 includes $122.5 million for major construction, $2.1 million for unspecified minor construction, and $15.4 million for planning and design. The program is composed of 34 major projects at 26 installations in 21 states. An analysis of the individual projects indicates that approximately three quarters of them support new missions, conversions, and relocations.

While the majority of the ANG Military Construction request is directly linked to these mission requirements, the program also reduces a few of the most essential facility replacement requirements generated by an existing $5.4 billion physical plant averaging 28 years of age.

Upon completion of the proposed FY 87 program, some 473 military construction projects, with a total estimated cost of $780 million, will still exist as valid, unfunded requirements.

The FY 86 military construction program is well underway. The entire authorized program, with the exception of 12 designed projects deferred to satisfy the $13.85 million Congressionally-directed general reduction, is expected to be executed in FY 86. Based on our bidding experience in FY 85, we do not expect to realize any cost savings from favorable bids to fund these deferred projects.

Additionally, we have not been able to construct seven authorized FY 85 projects due to lack of bid savings necessary to offset the $10 million Congressionally-directed general reduction in our FY 85 budget submission. The combined effect of the FY 85 and FY 86 general reductions has resulted in deferral of 19 badly needed projects valued at $22.3 million.

With your support, the Air National Guard will continue to meet the challenge of its expanded role in the total Air Force mission. It is absolutely essential to the Air Guard to retain the proposed FY 87 program intact. Any reductions will seriously impact on our ability to accept new and expanded missions and to maintain our current, high state of readiness.

Mr. Chairman, this concludes my statement on behalf of the 1987 military construction request. This committee's continued interest and support is sincerely appreciated.

BIOGRAPHICAL SKETCH

Brigadier General John F. McMerty was born in Fargo, North Dakota, on August 19, 1940 and graduated from Shanley High School in 1958. He attended Moorhead (Minn.) State University and received a Bachelor of Arts degree in Business Administration in 1968. He completed his graduate work at Washington University, Washington, D.C., where he received his Masters degree in Financial Management in 1980.

General McMerty was commissioned a Second Lieutenant in the North Dakota Air National Guard in July 1962 and entered navigator training at James Connally AFB, Texas, in December 1962. He subsequently attended the Air National Guard Intercept Officer Training Program at the 142nd Fighter Interceptor Group, Portland, Oregon. He became combat ready as an F-89J radar interceptor officer and served in that capacity with the 178th Fighter Interceptor Squadron, NDANG, until entering basic pilot training at Moody AFB, Georgia, in October 1965. In December 1966, he began F-102 Interceptor Pilot Training at Perrin AFB, Texas. Upon completion in June 1967, General McMerty was reassigned to the 119th Fighter Interceptor Group, Fargo, North Dakota, where he flew both the F-101 and F-102. While assigned to the 119th, he volunteered for a tour of active duty at Camp New Amsterdam, the Netherlands, and was a pilot member of the winning F-101 team in the William Tell Competition in 1970.

From March 1973 to August 1978, General McMerty was assigned to the Air Directorate of the National Guard Bureau, the Pentagon, Washington, D.C. His assignments, from March 1973 to September 1976, to the Operations Division, Programs and Resources Division, and Comptroller Division provided a thorough knowledge of the Air National Guard organization. Promoted to Chief of Manpower and Organization in September 1976, he served in that position until tasked to work a major reorganization of the Air Directorate staff in conjunction with establishing the Air National Guard Support Center at Andrews AFB, Maryland. He served as a special assistant to the Director, Air National Guard, from March 1978 until August 1978 when he entered the National War College. Following graduation in September 1979, he was assigned as Special Assistant for National Guard Affairs to the Director, Air Force Budget, and as Deputy Chief, Operations Appropriation Division.

Released from active duty in May 1980, General McMerty became Chief of Staff, Kansas Air National Guard, and in May 1981, was appointed Commander, 184 Tactical Fighter Group, McConnell AFB, Kansas, which provided F-4 combat crew training for Air National Guard and Air Force Reserve crews as well as operation of the ANG F-4 Fighter Weapons School. Promoted to the grade of Brigadier General on 1 April 1985, he assumed his present position as Deputy Director, Air National Guard.

The general is a command pilot with more than 3,000 hours of flying time. His military decorations and awards include the Legion of Merit, Meritorious Service with one oak leaf cluster, Air Force Commendation Medal with two oak leaf clusters, Air Force Outstanding Unit Award with two oak leaf clusters, Combat Readiness Medal with one oak leaf cluster, National Defense Service Medal, Air Force Longevity Service Award Ribbon with four oak leaf clusters, Armed Forces Reserve Medal with hourglass device, Kansas National Guard Distinguished Service Medal and the North Dakota National Guard Service Ribbon.

General McMerty is married to the former Joan D. Wootton. They have two daughters: Anita (Hallmark) and Diane.

AIR FORCE RESERVE

GROWTH OF AIR FORCE RESERVE

Brigadier General CARPENTER. Mr. Chairman, I would like to take this opportunity to thank you for allowing me to talk about the Air Force Reserve Military Construction Program for fiscal year 1987.

With your permission, I will submit my statement for the record and make some comments that I think may be of particular interest to you.

Today we seek your continued strong support for the military construction program. This program is vital to our continued high state of readiness and addresses only the minimal requirements for the new mission conversions and physical plant upkeep.

I would like to point out that approximately 89 percent of our request of $49.8 million for major construction are necessary just for newly assigned missions and conversions. That only leaves 11 percent of that $49.8 million for replacement and modernization of existing facilities.

As you know, the Air Force Reserve has grown tremendously over the years. This past year, 1985, we were challenged with the largest single growth in the recent history of the Air Force Reserve. Our ability to attract and retain motivated, dedicated, and high quality people was certainly reflected in the net gain of over 5,000 personnel that we acquired in 1985.

I am pleased to report that with this growth the Air Force Reserve is even more ready today than ever. I think you will agree that our readiness was delineated in 1985 when the Air Force Reserve units scored some rather impressive wins in total force competition. I know, Mr. Chairman, that you are just as proud of the 94th Tactical Airlift Wing as we are in winning the Military Airlift Command International Airlift Competition, and another member of this subcommittee, Senator Garn, is equally as proud of the 419th at Hill for winning the Tactical Air Command's Gunsmoke Competition.

We also had some impressive wins in the Strategic Air Command's Bomb Navigation Competition. Of course this kind of performance has only been possible through our continued modernization and our continued strong support from the Congress and the Department of Defense and the Department of the Air Force.

FACILITIES REQUIREMENTS

The Air Force Reserve facilities requirements will naturally increase as we continue to modernize and expand in fiscal year 1987 and beyond. Our first C–5 organic unit at Kelly Air Force Base in 1987 will grow from 5 to 11 aircraft. We will start construction at Westover in 1987 to receive C–5's there in 1988. And by 1989 we will have 30 C–5's total at Kelly and Westover.

Of course we are starting our first C–141 unit at Andrews Air Force Base, Maryland, by replacing C–130's with 8 C–141's, and we hope through procurement authorizations added by Congress to replace two C–130A units in 1987 with new C–130H models.

FIGHTER FORCE MODERNIZATION

Our fighter force modernization continues at a good clip. We need a facility in 1987 to take care of our newest fighter unit at Luke Air Force Base, and we just recently announced another fighter unit conversion at Tinker Air Force Base in Oklahoma.

We will receive at Luke of course right off the assembly line F-16's, and at Tinker we will replace our F-4's with 24 F-16's.

The projects in this year's military construction program request satisfies the Reserve's most urgent conversion facility requirements. It still supports a minimum effort towards modernizing and replacing some of our older facilities, but I would like to emphasize again that our Air Force Reserve MCP focuses on new facilities to accommodate our increasing mission requirements at the expense of retaining the existing inadequate or deteriorating facilities.

MCP 1987 DESIGN

The design of our 1987 MCP is well underway, and it is scheduled to allow early award and obligation of funds. Our estimate for advertising the 1987 program is presently on schedule, and the majority of our projects will be 100 percent designed by the end of the fiscal year.

EXECUTION OF FISCAL YEAR 1986 PROGRAMS

Before closing, Mr. Chairman, I would like to say a few words, if I may, about the execution of our fiscal year 1986 program and some of the challenges it presents.

The fiscal year 1986 Military Construction appropriations bill levied a general reduction of $5 million on our program. That equates to about 7.8 percent of our program. On top of that, the Gramm-Rudman-Hollings Act of 1985 further reduced our program by 4.9 percent. Of course that is about a 12.7-percent reduction of our 1986 program.

Now to comply with the letter of the law, we have to execute all 20 projects with an average of about 87 percent of our approved program amounts. Our bidding experience to date on eight projects which total about 45 percent of our 1986 program has resulted in an average of 103 percent of our program amounts.

Now we are taking management action to try to get some savings, but honestly I am not totally confident at this point that we will be able to execute all 20 projects. I can see that we possibly might have to slip some of these projects.

In summary, Mr. Chairman, the facilities in our 1987 program are basic to retaining our people and preserving our high state of readiness and morale. Your continued support certainly is essential to maintain the solid foundation of the Air Force Reserve's vital mission.

Thank you, sir, and I will take any questions.

Senator MATTINGLY. We appreciate it. General.

[The prepared statement of Brigadier General Carpenter follows:]

PREPARED STATEMENT OF BRIG. GEN. SHIRLEY M. CARPENTER

DEPUTY TO THE CHIEF OF AIR FORCE RESERVE HEADQUARTERS, USAF

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to appear before this committee to present the Air Force Reserve Military Construction Program for FY 1987.

Today we seek your continued strong support of our military construction program. This program is vital to our continued high state of readiness and addresses only the minimal requirements needed for programmed new mission conversions and physical plant upkeep. Approximately 89 percent of our request is required to support new missions and conversions, only 11 percent for replacement and modernization of existing facilities.

As you know, the Air Force Reserve has experienced considerable growth and change over the past years. During FY 1985, we were challenged with the largest single year growth in personnel end strength in the recent history of the Air Force Reserve. Our ability to attract and retain motivated, dedicated, high-quality people is reflected in the net gain of nearly 5,000 personnel, exceeding the FY 1985 programmed end strength of 74,829. We anticipate no problem in reaching our FY 1986 programmed end strength of 77,400 and we are requesting an FY 1987 end strength of 78,300.

I am pleased to report that with this growth, along with modernization of our equipment, the Air Force Reserve is more ready today than ever. We have been able to stay combat ready due to the quality of our peacetime readiness training, the experience and dedication of our personnel, the continued modernization and upgrade of our equipment, and equally important, the ability to our essential training facilities. Our readiness was delineated in 1985 when Air Force Reserve units scored impressive wins in Total Force competitions. Our crews and units won top awards in the Military Airlift Command's International Airlift Competition, the Tactical Air Command's Worldwide Fighter Competition, and the Strategic Air Command's Bomb-Navigation Competition. This kind of per-formance has only been possible through our modernization efforts and the continued strong support of the Congress, the Department of Defense, and the Department of the Air Force.

As a by-product of the peacetime training that ensures this readiness, the Air Force Reserve performs a significant portion of the peacetime mission of the active Air Force. Examples over the past year include: flying over 135,000 hours augmenting Military Airlift Command's global airlift mission; over 4,000 hours conducting hazardous weather surveillance, often flying through hurricanes and tropical storms to gather data; and flying more than 8,000 missions in support of Strategic Air Command's worldwide refueling requirements. Many of these missions in 1985 also supported civilian communities by containing fires in California; by destroying insects threatening to devastate crops in Idaho; by providing immediate earthquake relief to Mexico City; and by providing aid to Colombia after their devastating volcanic eruption. Our units have been able to respond rapidly to these peacetime emergencies because of our highly trained personnel, adequate equipment and the facilities which directly support these elements.

The Air Force Reserve facility requirements will increase as we continue to modernize and expand in FY 1987 and beyond. Our first Reserve C-5 organic unit at Kelly AFB, Texas, will grow from five to eleven Primary Aircraft Authorization or PAA. We are also planning to start construction in FY 1987 for our second C-5 organic unit, which is scheduled to begin operations in FY 1988 at Westover AFB, Massachusetts. These two units will be equipped with a total of 30 PAA C-5s by FY 1989. This summer, we will establish our first C-141 organic unit by converting the C-130 unit at Andrews AFB, Maryland, to 8 PAA C-141s. In the C-130 tactical airlift area, added procurement authorizations by Congress will allow us to replace two 8 PAA units of our over 30 year old C-130As with new C-130Hs during 1987. The Air Force plans will eventually allow us to retire all of these older C-130As in the 1990s when the C-17 procurement allows the transfer of more C-141s along with direct-delivery of some C-17s to the Air Force Reserve. Our fighter force modernization continues at a good pace. Facility projects are required in FY 1987 to support our newest fighter unit at Luke AFB, Arizona, which will receive 24 PAA new F-16C/D aircraft off the assembly line beginning fourth quarter FY 1987, and our conversion at Tinker AFB, Oklahoma from F-4Ds to 24 PAA F-16A/Bs in FY 1989.

Turning to support units, our facility requirements have also increased due to growth in this arena, especially in Aerial Port, Medical, and Civil Engineering Units. There are more than 400 Air Force Reserve combat and mission support units that meet a significant percentage of the Air Force wartime requirements, including: 64 percent of the Aeromedical Evacuation Units; 60 percent of the Aircraft Battle Damage Repair capability; 47 percent of the Aerial Port Squadrons; 25 percent of the Air Force Tactical Hospitals and Clinics; and 20 percent of the Air Force Civil Engineering force.

The projects in our FY 1987 request will satisfy the Air Force Reserve's most urgent conversion facility requirements and still support a minimum effort towards modernizing and replacing some of our older facilities. A review of our construction programs over the last seven years shows that the major emphasis of the Air Force Reserve MCP has been placed on new facilities to accommodate our increasing mission requirements at the expense of retaining existing inadequate or deteriorating facilities. From FY 1980 through FY 1987, a large percentage centage of the Reserve Military Construction dollars has been committed to facility requirements generated by either aircraft modernization or the transferring of new and additional missions to the Air Force Reserve. Approximately 89 percent of the total FY 1987 Major Construction request of $49,760,000 is required to support either new mission conversions, or manpower increases for new missions, while only 11 percent is for replacement or modernization of existing facilities. Realizing that mission conversions are afforded top funding priority, in the coming years we must share equal concern of our existing aging physical plants and increase emphasis on their replacement and modernization.

Our emphasis in FY 1987 is on mission support facilities. A breakout would show that 38 percent of the program is for operational facilities, 40 percent for main tenance requirements and approximately 15 percent for training combat support personnel to increase their readiness capability. Also included in this request is $2,580,000 for unspecified minor construction to accomplish smaller but still essential facility projects, primarily relating to mission conversions, and $6,560,000 for Architectural and Engineering Services and Construction Design.

At this point, I'd like to highlight that our Unspecified Mino Construction request is substaintially reduced from the FY 1986 request. This is in compliance with guidance from the FY 1986 MILCON Appropriation Bill to minimize the unspecified minor construction requests and to specify, no matter the dollar value, any known projects as part of the Major Construction area. The requirement is also accommodated in our FY 1987 MILCON Justification Book which contain a new sub-section of Major Construction entitled "Projects Under $400,000", where we are specifying known project requirements even though the dollar value is within our Minor Construction threshold.

I am happy to report that the design of the FY 1987 MCP is well under way and is scheduled to allow early awards and obligation of funds. Our estimate for advertising the FY 1987 program is presently on schedule with a majority of the projects estimated to be 100 percent design complete by October 1, 1986. I would like to point out that two of our major construction projects, over $400,000, have unfortunately not reached 35 percent design. These projects were late starters but were submitted because they are essential in our FY 1987 MCP to support the conversion of a Reserve unit at Tinker AFB, Oklahoma from F-4s to F-16s. A public announcement was recently made on the location of this conversion, after the publication of our justification book. The location (AFR 3) is no longer classified as identified in our justification material. However, our current schedule estimates 35 percent design by June 1986 for the two projects supporting the Tinker conversion, with construction contract award February 15, 1987.

Before closing, I would like to make a few comments about the execution of our FY 1986 program and the challenges it presents. The FY 1986 Military Construction Appropriation Bill levied a General Reduction of $5.0 million on the Air Force Reserve program, which equates to 7.8 percent of our request. Additionally, the Gramm-Rudman-Hollings Act of 1985 further reduced our program another 4.9 percent. The net effect is a 12.7 percent reduction from our FY 1986 identified requirements. Therefore, to comply with the law, we must execute every project at an average of approximately 87 percent of the approved Programmed Amounts (PAs). Our bidding experience to date on eight projects, totalling almost 45 percent of our FY 1986 program, has resulted in an average bid of 103 percent of the PAs. Although we are taking management actions to make cuts and obtain savings where possible, I am not totally confident we will achieve the savings necessary to offset our total reductions. We may be forced to delay projects.

In summary, Mr. Chairman, these facilities are basic to retaining our people and preserving our high state of readiness and morale. Your continued support is essential to maintain the solid foundation of the Air Force Reserve's vital mission.

This concludes my statement Mr. Chairman, I will be glad to respond to questions.

BRIGADIER GENERAL SHIRLEY M. "SAM" CARPENTER
DEPUTY TO THE CHIEF OF AIR FORCE RESERVE
HEADQUARTERS U.S. AIR FORCE, WASHINGTON, D.C.

General Carpenter was born July 22, 1937, in Orange County, Va. He attended public schools in Williamsburg, Va. He received a bachelor of arts degree from the University of Virginia in 1960 and a master of science degree in counseling and guidance from Troy (Ala.) State University in 1976. The general is a 1967 graduate of Squadron Officers School; a 1976 distinguished graduate of Air Command and Staff College, both at Maxwell Air Force Base, Ala.; and a 1982 graduate of the National War College, Fort Lesley J. McNair, Washington, D.C.

Upon graduation as a distinguished graduate from the University of Virginia's Air Force Reserve Officer Training Corps program in June 1960, the general was commissioned a second lieutenant. He earned his pilot wings at Moody Air Force Base. Ga., in April 1962. His first assignment out of pilot training was to the 44th Air Transport Squadron, Travis Air Force Base, Calif., flying C-135B's for the Military Airlift Transport Service. He transitioned to the C-141A in February 1965.

In November 1968 the general separated from active duty and was employed by Trans World Airlines as a pilot/flight engineer. In June 1969 he joined the newly-formed Reserve Associate unit at McGuire Air Force Base, N.J., later to become the 514th Military Airlift Wing, which was in the process of transitioning to the C-141A. When furloughed by Trans World Airlines in 1970, he became an Air Reserve Technician at McGuire Air Force Base. In 1975 he attended Air Command and Staff College.

The general's next assignment was to the 702nd Military Airlift Squadron, McGuire Air Force Base, as an Air Reserve Technician operations and training officer. He was recalled by Trans World Airlines in June 1977 but maintained his Reserve status. In February 1979 he assumed command of the 702nd Military Airlift Squadron. In April 1981 he was assigned as vice commander of the 514th Military Airlift Wing, McGuire Air Force Base.

After attending National War College, he was selected as the Reserve adviser to the commander in chief of Military Airlift Command, Scott Air Force Base, Ill. He assumed his present duties in May 1985 and the grade of brigadier general June 21, 1985.

The general is a command pilot with more than 8,700 flying hours, including 83 combat support missions to the Republic of Vietnam. His military decorations and awards include the Legion of Merit, Meritorious Service Medal, Air Medal, Air Force Commendation Medal, Presidential Unit Citation Emblem, Air Force Outstanding Unit Award Ribbon with three oak leaf clusters, Combat Readiness Medal with four oak leaf clusters, National Defense Service Medal, Armed Forces Expeditionary Medal, Vietnam Service Medal with three service stars, Air Force Longevity Service Award Ribbon with two oak leaf clusters, Armed Forces Reserve Medal, Small Arms Expert Marksmanship Ribbon, Republic of Vietnman Gallantry Cross with Palm and Republic of Vietnam Campaign Medal.

General Carpenter is married to the former Ruthie Shoemaker of Bridgeton, N.J. They have four children: David, Dale, Scott and Kristian.

Senator MATTINGLY. Gentlemen, I do not have any questions other than what we will have for the record for you. If you all want to, you can stay, or you can leave if you would like.

Brigadier General McMERTY. By your leave, sir.

Senator MATTINGLY. I thought we might get a phone call in here pretty soon in reference to the vote in the House on the aid for the Freedom Fighters. It may be coming through soon.

[Pause.]

All right, General, do you want to go ahead and make your statement?

AIR FORCE ENGINEERING AND SERVICES

AIR FORCE CONSTRUCTION BUDGET

Major General ELLIS. Yes, sir.

First of all, I think it was very appropriate that I showed up here with the Guard and the Reserve, because it is a clear manifestation of how those two organizations and the Active Force works today, particularly in the flying business but also in the business of building facilities and maintaining facilities for the U.S. Air Force.

It is a pleasure to be here today. It is my first appearance before this committee with the Air Force's construction budget.

With your permission, I would like to submit my formal statement for the record and only address some important issues facing the Air Force.

At the outset I would like to thank the committee for its support of several important programs such as the ground launched cruise missile in Europe, which is going very well; construction of the peacekeeper missile, which will make the IOC with 50 missiles being deployed on time; the B–1B bomber is going very well with facilities at four bases coming along very well; and the air launched cruise missile deployment schedules which is also an important part of the Air Force's modernization efforts.

MEDICAL FACILITIES

Our military construction appropriation request for this year is $1.7 billion. The construction projects for medical facilities are no longer contained within our program. When you remove the medical facilities, our program as you said is $104 million less than last year. This is the second consecutive decrease in our annual military construction program request.

FAMILY HOUSING

Our family housing request is $860 million, which is $84 million less than last year's submittal. Our requests for military construction and family housing address strategic and conventional force modernization and our continuing pursuit to improve the quality of life for our people.

PLANT MODERNIZATION

Our plant modernization program is a combination of work place upgrades and quality of life improvements. We intend to continue to meet the facility needs of our work force through modernization while at the same time support the Air Force's systems acquisition and readiness commitments.

While you have been supportive of our recent efforts, the concern over the Federal deficit and the recent legislation mandating a balanced budget could constrain our future progress. This year's request is the minimum necessary to deploy our military hardware, and sustain our people while continuing to provide a supportive worldwide basing structure.

Historically, the majority of our cuts were sustained during the congressional approval process for modernization projects. This directly affects our efforts to revitalize the workplace and inhibits our ability to attract and retain a professional military force. The revitalization of our workplace and the quality of life of our people is directly related to job productivity and ability to maintain that professional military force.

PHYSICAL PLANT MODERNIZATION

This year, as we did last year, we are asking for you to commit approximately 53 percent of our military construction program, excluding family housing, to modernization of the physical plant. The short-term savings realized by deferring these projects really does not make good economic sense.

The importance of keeping our experienced personnel must not be overlooked if we are to maintain a professional force. We hope you will be able to help us continue the progress made in the earlier years of this decade. If you allow the current fiscal climate to compromise national security concerns, this Nation will again be faced with a military capability similar to the late 1970's.

FAMILY HOUSING

I would like to briefly mention the subject of family housing. It is interesting that our average onbase households are the families of junior sergeants and captains. Junior sergeants who are 19, 20, 21 years old, and captains 24, 25, 26. So it is a young force that uses our family housing.

Our investment in these individuals is significant. The operations director at TAC told me that by the time this gentleman gets ready to separate at year six he is worth between $4 and $5 million. We have invested that much money in him.

Many are at a point in their career where they will decide to leave or continue with the Air Force. These decisions, frankly, are family decisions and the living environment we provide has a significant effect on that decision. Many decisions, perhaps as many as 60 percent, are made by the wives and not made by the principal member in the Air Force.

While giving a speech one time about that, one of the ladies leaned over to me and said, it is closer to 90 percent, General.

We must provide adequate family housing at those locations where the local community cannot if we are to retain our highly skilled force. Over the next 5 years, housing shortages for our families in locations where local housing is unavailable will exceed about 24,000 units. This year's program requests authorization for the construction of only 523 new housing units at four locations with 92 percent of these units in overseas locations. This is where our members experience the greatest difficulty in finding adequate housing. More than 75 percent of these units are for our enlisted force.

In conclusion, Mr. Chairman, our request provides a balanced program that supports our weapons systems beddowns and our plant modernization. The request represents a commitment by the Air Force leadership to improve the living and working conditions of its people. As I have emphasized, this environment has a far reaching impact on productivity, retainability, and effectiveness of the U.S. Air Force.

Our commitment is to provide the Nation an Air Force capable of defending our national interests. This mission can only be accomplished with well-trained and highly motivated people. Our people are our priority.

Mr. Chairman, I am honored to be able to appear before you today and to represent the U.S. Air Force. I am prepared to answer any questions that you might have.

[The prepared statement of Major General Ellis follows:]

PREPARED STATEMENT OF MAJ. GEN. GEORGE E. ELLIS

DIRECTOR OF AIR FORCE ENGINEERING AND SERVICES

INTRODUCTION

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM MAJOR GENERAL JUD ELLIS, DIRECTOR OF ENGINEERING AND SERVICES, UNITED STATES AIR FORCE. IT IS AN HONOR AND A PLEASURE TO BE MAKING MY FIRST APPEARANCE BEFORE YOUR COMMITTEE AND TO PRESENT THE AIR FORCE'S MILITARY CONSTRUCTION BUDGET FOR FISCAL YEAR 1987.

OVERVIEW

I WOULD LIKE TO THANK THIS COMMITTEE FOR ITS SUPPORT OF SEVERAL IMPORTANT PROGRAMS. MOST IMPORTANTLY THE GROUND LAUNCHED CRUISE MISSILE IN EUROPE, CONSTRUCTION FOR THE PEACEKEEPER MISSILE, THE B-1B BOMBER AND AIR LAUNCHED CRUISE MISSILE DEPLOYMENT SCHEDULES, AND YOUR RECOGNITION OF THE NEED TO IMPROVE THE WORKING AND LIVING CONDITIONS OF OUR WORKFORCE.

OUR MILITARY CONSTRUCTION REQUEST FOR THIS YEAR IS $1.773 BILLION. THE CONSTRUCTION PROJECTS FOR MEDICAL FACILITIES ARE NO LONGER CONTAINED WITHIN OUR PROGRAM. WITH THE MEDICAL FACILITIES PROGRAM REMOVED, OUR REQUEST IS $104 MILLION LESS THAN LAST YEAR. THIS IS THE SECOND CONSECUTIVE DECREASE IN OUR MILITARY CONSTRUCTION PROGRAM REQUEST. OUR MILITARY FAMILY HOUSING REQUEST IS $860 MILLION WHICH IS $84 MILLION LESS THAN LAST YEAR'S SUBMITTAL. OUR REQUESTS FOR

MILITARY CONSTRUCTION AND FAMILY HOUSING ADDRESS STRATEGIC AND CONVENTIONAL FORCE MODERNIZATION CONSTRUCTION AND OUR CONTINUING PURSUIT TO IMPROVE THE QUALITY OF LIFE FOR OUR PEOPLE.

OUR PLANT MODERNIZATION PROGRAM IS A COMBINATION OF WORKPLACE UPGRADES AND QUALITY OF LIFE IMPROVEMENTS. WE INTEND TO CONTINUE TO MEET THE FACILITY NEEDS OF OUR WORKFORCE THROUGH PLANT MODERNIZATION WHILE AT THE SAME TIME SUPPORT THE AIR FORCE'S SYSTEMS ACQUISITION AND READINESS COMMITMENTS. OUR APPROPRIATION REQUEST FOR FISCAL YEAR 1987 CAN BE BROKEN DOWN AS ILLUSTRATED BELOW.

MILITARY CONSTRUCTION PROGRAM (MCP)

($MILLIONS)

	FY 86	FY 87
SYSTEMS ACQUISITION	693	588
READINESS	120	120
PLANT MODERNIZATION	1125	938
PLANNING AND DESIGN	144	127
TOTAL	2082	1773

WHILE THE CONGRESS AND THE AMERICAN PEOPLE HAVE BEEN SUPPORTIVE OF OUR RECENT EFFORTS, THE CONCERN OVER THE FEDERAL DEFICIT AND THE RECENT LEGISLATION MANDATING A BALANCED BUDGET COULD SEVERELY CONSTRAIN OUR FUTURE PROGRESS. BECAUSE OF THIS FISCAL CLIMATE, WE HAVE TAKEN A HARD LOOK AT OUR PROGRAM AND HAVE MADE THE NECESSARY CRITICAL DECISIONS. THIS YEAR'S

REQUEST IS THE MINIMUM NECESSARY TO SUPPORT OUR MILITARY HARDWARE DEPLOYMENT, AND SUSTAIN OUR PEOPLE SUPPORTING THESE MISSIONS WHILE CONTINUING TO PROVIDE A SUPPORTIVE WORLDWIDE BASING STRUCTURE.

YOUR COMMITMENT TO RESTORING THIS NATION'S MILITARY STRENGTH MUST CONTINUE. OVER THE LAST FIVE YEARS, WE HAVE EMBARKED ON A COURSE TO REBUILD OUR MILITARY FORCES AND IN MY ESTIMATION HAVE BEGUN TO REGAIN THE NECESSARY MOMENTUM TO DEFEND THIS NATION.

HISTORICALLY, THE MAJORITY OF CUTS WE SUSTAIN DURING THE CONGRESSIONAL REVIEW AND APPROVAL ARE FOR MODERNIZATION PROJECTS. THIS DIRECTLY AFFECTS OUR EFFORTS TO REVITALIZE THE WORKPLACE AND INHIBITS OUR ABILITY TO ATTRACT AND RETAIN A PROFESSIONAL MILITARY FORCE. THE REVITALIZATION OF OUR WORKPLACE AND THE QUALITY OF LIFE OF OUR PEOPLE IS DIRECTLY RELATED TO OUR PRODUCTIVITY AND TO OUR ABILITY TO MAINTAIN A PROFESSIONAL MILITARY FORCE.

RETAINING QUALITY MEN AND WOMEN IS NOT AN EASY TASK. FOR EXAMPLE, THE LOSS OF AN F-15 FIGHTER PILOT WITH SEVEN YEARS EXPERIENCE AND 1,300 FLYING HOURS IS AN EXPENSIVE PROPOSITION. IT TAKES SEVEN YEARS AND MORE THAN $1 MILLION TO REPLACE HIM. WE CANNOT HIRE A FIGHTER PILOT "OFF THE STREET" OR FROM A COMPETITOR AS CAN BE DONE IN THE PRIVATE SECTOR. THE SHORT-TERM SAVINGS REALIZED BY DEFERRING QUALITY OF LIFE AND WORKPLACE UPGRADE PROJECTS DOES NOT NOW NOR HAS IT EVER MADE GOOD ECONOMIC SENSE. PROGRAM DEFERRALS ARE AN EXPENSIVE MISTAKE THAT SHOULD NOT BE TOLERATED IF WE ARE TO SUSTAIN OUR MILITARY CAPABILITIES. THIS YEAR, AS WE DID LAST YEAR, WE ARE ASKING FOR YOU TO COMMIT APPROXIMATELY 53 PERCENT OF OUR MILITARY CONSTRUCTION PROGRAM, EXCLUDING FAMILY HOUSING, TO MODERNIZATION OF THE PHYSICAL PLANT. WE HOPE YOU WILL HELP US CONTINUE THE PROGRESS MADE IN THE EARLIER YEARS OF THIS

DECADE. IF YOU ALLOW THE CURRENT FISCAL CLIMATE TO COMPROMISE NATIONAL SECURITY CONCERNS, THIS NATION WILL AGAIN BE FACED WITH A MILITARY CAPABILITY SIMILAR TO THE LATE 1970s---A MILITARY FORCE ILL-PREPARED TO CARRY OUT THE NATIONAL DEFENSE. WITH YOUR PERMISSION WE WILL NOW LOOK AT THE MAJOR ELEMENTS OF THIS YEAR'S PROGRAM.

GROUND LAUNCHED CRUISE MISSILES (GLCM)

YOU HAVE BEEN SUPPORTIVE OF OUR REQUESTS FOR GROUND LAUNCHED CRUISE MISSILE CONSTRUCTION AND WE NOW HAVE CONSTRUCTION AUTHORIZED AND FUNDED IN FIVE COUNTRIES.

- THE CONSTRUCTION PROGRAM IS PROCEEDING WELL WITH INITIAL OPERATING CAPABILITY ACHIEVED AT GREENHAM COMMON, UNITED KINGDOM; COMISO, ITALY; AND FLORENNES, BELGIUM.

DESPITE POLITICAL PRESSURES TO DO OTHERWISE, THE U.S. AND ITS NATO ALLIES HAVE STOOD FIRM, AND HAVE PROCEEDED WITH DEPLOYMENT ON THE ORIGINAL SCHEDULE.

IT'S THIS RESOLVE, WE BELIEVE, THAT HAS CONTRIBUTED TO THE RETURN OF THE SOVIETS TO SERIOUS ARMS REDUCTION NEGOTIATIONS.

LAST YEAR THE CONGRESS PROVIDED A TOTAL OF $46 MILLION FOR CONSTRUCTION AT GREENHAM COMMON, AND FLORENNES; AND CONTINUE CONSTRUCTION AT MOLESWORTH, UNITED KINGDOM, AND WUESCHHEIM, GERMANY, AND TO FUND TRAINING AND SUPPORT FACILITIES AT WOENSDRECHT, THE NETHERLANDS. IN OUR FAMILY HOUSING PROGRAM, WE RECEIVED AN IMPORTANT $47 MILLION FOR 680 HOMES AT THE BELGIUM AND GERMAN SITES.

IN FISCAL YEAR 1985, SUBSEQUENT TO ACTUAL DEPLOYMENT OF THE GLCM TO GREENHAM COMMON AND COMISO, YOU PROVIDED SCHOOLS AND HOUSING NEEDED FOR ACCOMPANIED TOURS. IN KEEPING WITH THE DEPLOYMENT SCHEDULE AND POLICY FOR ACCOMPANIED TOURS, LAST YEAR

YOU PROVIDED FUNDING FOR HOUSING NEEDS FOR BELGIUM AND GERMANY, AND SCHOOLS IN BELGIUM AND THE UNITED KINGDOM. THIS YEAR, WE ARE REQUESTING A TOTAL OF $61.7 MILLION TO CONTINUE CONSTRUCTION AT GREENHAM COMMON, COMISO, FLORENNES, WUESCHHEIM, WOENSDRECHT, MOLESWORTH, AND DAVIS-MONTHAN AFB, ARIZONA. IN OUR FAMILY HOUSING REQUEST, WE SEEK $7.5 MILLION TO CONSTRUCT 100 UNITS AT WUESCHHEIM AND $12.2 MILLION TO LEASE 1,000 UNITS AT COMISO, FLORENNES, AND MOLESWORTH. IN THE DEPARTMENT OF DEFENSE SCHOOLS BUDGET, WE ARE REQUESTING $7.4 MILLION FOR A SCHOOL AT WOENSDRECHT. YOUR CONTINUED SUPPORT NOT ONLY REDUCES TRAINING EXPENSES AND PRECLUDES UNNECESSARY FAMILY SEPARATIONS; IT ALSO SENDS A STRONG SIGNAL TO OUR PEOPLE THAT THEY WILL BE FULLY SUPPORTED WHILE SERVING THEIR COUNTRY.

WE RECOGNIZE THE DILEMMA THE NETHERLANDS HAS CAUSED BY DELAYING ITS PARLIAMENTARY RATIFICATION OF THE DEPLOYMENT UNTIL EARLY SPRING OF THIS YEAR. WE ASK THAT YOU CONSIDER THE NEED TO KEEP OUR COMMITMENT TO THE ALLIANCE AND PROVIDE THE FUNDING NEEDED TO MAINTAIN THE CURRENT DEPLOYMENT SCHEDULE.

B-1B BOMBER

LAST YEAR YOU APPROPRIATED $211 MILLION WHICH ENABLED US TO CONTINUE WORK AT DYESS AND ELLSWORTH AND BEGIN CONSTRUCTION AT THE FINAL TWO B-1B BASES, GRAND FORKS AFB, NORTH DAKOTA AND MCCONNELL AFB, KANSAS.

THIS YEAR'S REQUEST OF $50 MILLION WILL ALLOW US TO VIRTUALLY COMPLETE OUR EFFORTS IN BEDDING DOWN THE 100 B-1B BOMBERS.

PEACEKEEPER

IN FISCAL YEAR 1986, THE CONGRESS AUTHORIZED $45 MILLION

AND APPROPRIATED $56 MILLION IN MILITARY CONSTRUCTION FOR PEACEKEEPER SUPPORT FACILITIES AND THE SECOND INCREMENT OF ABOVE GROUND MISSILE SILO SITE WORK AND ASSOCIATED ROAD UPGRADE FOR 50 MISSILES.

OUR MILITARY CONSTRUCTION REQUEST THIS YEAR IS AGAIN CONSISTENT WITH CURRENT MISSILE PROCUREMENT PLANS AND WE ARE CONTINUING ON SCHEDULE FOR AN INITIAL OPERATIONAL CAPABILITY (IOC) IN DECEMBER OF THIS YEAR.

THIS YEAR'S REQUEST IS APPROXIMATELY $28 MILLION AND WILL PROVIDE FOR A SYSTEM ENGINEERING TEST SILO AND A MISSILE STORAGE FACILITY AT HILL AFB, UTAH; AND THE THIRD PHASE OF LAUNCH FACILITY SITE WORK, DEFENSE ACCESS ROADS, AND REAL ESTATE ACQUISITION, AS WELL AS AN ENERGY MONITORING AND CONTROL SYSTEM AT F.E. WARREN AFB, WYOMING. ADDITIONALLY, THIS YEAR'S REQUEST WILL PROVIDE THE FINAL INCREMENT OF SILO WORK NECESSARY TO DEPLOY FIFTY MISSILES.

OVER THE HORIZON-BACKSCATTER RADAR (OTH-B)

THIS RADAR SYSTEM IMPROVES EARLY WARNING AND ATTACK ASSESSMENT FOR THE ATMOSPHERIC THREAT. THE FISCAL YEAR 1986 PROGRAM APPROVED BY CONGRESS ALLOWED US TO BEGIN THE WEST COAST SITE, WITH CONSTRUCTION OF AN OPERATIONS CENTER AND SOFTWARE DEVELOPMENT FACILITY AT MOUNTAIN HOME AFB, IDAHO. THIS YEAR'S REQUEST OF $26 MILLION WILL COMPLETE THE CONSTRUCTION FOR THE EAST AND WEST COAST RADARS. IT PROVIDES SITE SUPPORT AT THE TRANSMITTER AND RECEIVER LOCATIONS COUPLED WITH PERSONNEL SUPPORT FACILITIES AT BOTH LOCATIONS. FUTURE PROGRAMS WILL CONTAIN OUR REQUESTS FOR CONSTRUCTION COVERING THE CENTRAL UNITED STATES AND ALASKA RADARS.

ANTI-SATELLITE SYSTEM FACILITIES (ASAT)

IN FISCAL YEAR 1985 CONSTRUCTION FOR ASAT STORAGE, MAINTENANCE, AND OPERATIONS FACILITIES AT LANGLEY AFB, VIRGINIA WAS AUTHORIZED. OUR REQUESTS FOR APPROPRIATIONS IN FISCAL YEAR 1985 AND 1986 WERE DENIED. THE MOST RECENT DENIAL WAS BASED ON A CONGRESSIONALLY IMPOSED MORATORIUM ON ASAT TESTING.

THIS YEAR'S PROGRAM REQUESTS AN EXTENSION OF THE ASAT AUTHORIZATION AND APPROXIMATELY $16 MILLION IN APPROPRIATIONS FOR FACILITIES AT LANGLEY AFB, VIRGINIA.

AIR LAUNCHED CRUISE MISSILE (ALCM)

THIS YEAR'S REQUEST OF $25 MILLION COMPLETES CONSTRUCTION OF WEAPONS STORAGE FACILITIES AT MINOT AFB, NORTH DAKOTA, THE LAST LOCATION FOR THE ALCM BEDDOWN.

MISAWA F-16 BEDDOWN

THIS IS THE FOURTH YEAR WE HAVE ASKED FOR FUNDS TO CONSTRUCT FACILITIES TO BEDDOWN F-16S AT MISAWA, JAPAN. PROJECTS AUTHORIZED AND FUNDED IN EARLIER FISCAL YEARS ARE UNDER CONSTRUCTION. THE GOVERNMENT OF JAPAN HAS MAINTAINED ITS COMMITMENT TO SHARE CONSTRUCTION COSTS. OF THE ESTIMATED $298 MILLION REQUIRED, THE GOVERNMENT OF JAPAN WILL FINANCE ABOUT 80 PERCENT. OUR REQUEST THIS YEAR FOR $10.3 MILLION INCLUDES ONLY THOSE PROJECTS WHICH THE GOVERNMENT OF JAPAN CANNOT CONSTITUTIONALLY SUPPORT--ADDITIONAL MUNITIONS STORAGE AND MUNITIONS LOADING FACILITIES.

SOURCES OF FUNDS FOR COMMUNITY SUPPORT

OF MAJOR CONCERN TO THE AIR FORCE AND AN ISSUE THAT GENERATES A GREAT DEAL OF DISCUSSION HAS TO DO WITH THE SOURCE OF FUNDS FOR "MORALE, WELFARE, AND RECREATION (MWR) ACTIVITIES" FOR NEW BASES OR EXPANDED MISSIONS ON EXISTING BASES. THE DEPARTMENT OF DEFENSE POLICY FOR FUNDING THESE FACILITIES IS VERY CLEAR; HOWEVER, WE HAVE CONTINUED TO RECEIVE MIXED SIGNALS FROM THE CONGRESS. BECAUSE OF THE URGENT NEED TO PROVIDE FACILITIES FOR THESE MISSIONS, WE HAVE BEEN FORCED TO FUND COMMISSARY AND EXCHANGE FACILITIES WITH SURCHARGE DOLLARS AND EXCHANGE PROFITS THAT SHOULD HAVE GONE TOWARDS IMPROVEMENT PROJECTS ON EXISTING BASES OR, IN THE CASE OF EXCHANGE PROFITS, DIRECTLY TO THE AIRMEN AS DIVIDENDS TO SUPPORT OTHER CRITICAL MWR PROGRAMS.

LAST YEAR CONGRESS AUTHORIZED TEN PROJECTS TOTALING APPROXIMATELY $11 MILLION THAT WERE EITHER IN SUPPORT OF NEW MISSIONS OR WHICH OTHERWISE MET THE CONDITIONS FOR APPROPRIATED FUND SUPPORT. HOWEVER, WE WERE DENIED APPROPRIATIONS FOR THESE PROJECTS AND DIRECTED TO USE NONAPPROPRIATED FUNDS. WE CONTINUE TO BE PLACED IN A "CATCH 22" SITUATION AND REQUEST YOUR SUPPORT IN RESOLVING THIS ISSUE. AIR FORCE PEOPLE SHOULD NOT HAVE TO BEAR THE COSTS FOR COMMUNITY SUPPORT FACILITIES BEING CONSTRUCTED IN LOCATIONS WHERE THEY ARE DEFENDING THIS NATION. APPROPRIATED FUNDS SHOULD BE USED TO SUPPORT OUR MORALE, WELFARE AND RECREATION REQUIREMENTS AT NEW AND EXPANDED MISSION SITES.

THIS YEAR WE ARE REQUESTING APPROXIMATELY $17 MILLION FOR 11 PROJECTS THAT CLEARLY QUALIFY UNDER DOD CRITERIA FOR APPROPRIATED FUNDING BUT COULD FALL PREY TO THIS FUNDING AMBIVALENCE. WE ASK FOR YOUR SUPPORT AND ASK YOU TO CORRECT THIS SITUATION.

PLANT MODERNIZATION

OUR APPROPRIATION REQUEST FOR THIS YEAR IS $938 MILLION. IMPROVING THE WORKPLACE THROUGH UPGRADE AND REPLACING EXISTING INADEQUATE FACILITIES ACCOUNTS FOR APPROXIMATELY $716 MILLION. THE REMAINING $222 MILLION IS IN SUPPORT OF OUR QUALITY OF LIFE PROJECTS---DORMITORIES, GYMNASIUMS, CHAPELS, DINING HALLS, AND EDUCATION CENTERS. THIS IS A PRUDENT INVESTMENT AND SIGNIFICANTLY CONTRIBUTES TO THE AIR FORCE'S OVERALL WAR FIGHTING STRENGTH.

WORKPLACE ENHANCEMENT-- UPGRADE AND REPLACEMENT OF EXISTING INADEQUATE FACILITIES IS AN INVESTMENT IN THE FUTURE OF THE AIR FORCE AND IT'S AN INVESTMENT THAT MUST NOT BE DEFERRED. THIS INVESTMENT PROVIDES THE NECESSARY RESEARCH AND DEVELOPMENT LABORATORIES AND TEST FACILITIES NECESSARY TO ALLOW US TO MAINTAIN OUR TECHNOLOGICAL EDGE, WHILE PROVIDING THE PROPER TRAINING ENVIRONMENT TO TRAIN OUR FUTURE AIRMEN, TECHNICIANS, AIRCREWS, AND MISSILE CREWS. FACILITIES THAT MEET OUR OPERATIONAL NEEDS SUCH AS MAINTENANCE AND PRODUCTION SHOPS DIRECTLY RELATE TO THE NUMBER OF COMBAT SORTIES WE FLY. WE CANNOT MEET OUR OPERATIONAL GOALS AND RESPONSIBILITIES IF WE DO NOT PROVIDE WORKING AND TRAINING FACILITIES FOR OUR PEOPLE.

QUALITY OF LIFE--YOU HAVE BEEN VERY SUPPORTIVE OF OUR INITIATIVE IN THIS AREA, AND WE NEED YOUR CONTINUED SUPPORT. AS PREVIOUSLY MENTIONED, THE LOSS OF ONE FIGHTER PILOT IS A VERY EXPENSIVE LOSS. ALTHOUGH NOT AS COSTLY, THE LOSS OF HIGHLY TRAINED TECHNICIANS IS ALSO EXPENSIVE. THE MORALE OF OUR PEOPLE IS CRITICAL IF WE ARE TO RETAIN A MOTIVATED AND PROFESSIONAL FORCE. PROVIDING OUR PEOPLE ADEQUATE FACILITIES SUCH AS HOUSING, DORMITORIES, CHILD CARE CENTERS, DINING

HALLS, GYMNASIUMS, AND OTHER RECREATIONAL FACILITIES IS AS IMPORTANT TO THEIR MORALE AND RESULTANT DECISION TO REMAIN WITH THE AIR FORCE AS ANY OTHER SINGLE INVESTMENT. OUR PEOPLE EXPERIENCE ADVERSITIES NOT ENCOUNTERED IN THE PRIVATE SECTOR. THE FREQUENT MOVES AND ASSOCIATED PERSONAL AND FINANCIAL TRAUMA, FAMILY SEPARATION, ISOLATED WORKING AND LIVING CONDITIONS AT REMOTE OVERSEAS LOCATIONS, AND THE INHERENT RISKS ASSOCIATED WITH TRAINING FOR WAR MUST BE ACCOMMODATED TO INSURE THAT OUR HIGHLY TRAINED PEOPLE REMAIN WITH US. WE ARE WISELY INVESTING THE TAXPAYERS' MONEY BY PROVIDING AN ADEQUATE PLACE FOR OUR PEOPLE TO WORK AND TO LIVE. OUR PEOPLE NEED AND DESERVE THESE FACILITIES. WE MUST CONTINUE TO INVEST IN OUR PEOPLE SINCE THEY ARE OUR MOST EXPENSIVE RESOURCE.

FAMILY HOUSING

FAMILY HOUSING IS NECESSARY TO SHELTER OUR MARRIED AIRMEN AND THEIR FAMILIES WHERE ADEQUATE HOUSING IS NOT AVAILABLE IN THE LOCAL COMMUNITY.

OUR AVERAGE ON-BASE HOUSEHOLDS ARE THE FAMILIES OF JUNIOR SERGEANTS AND CAPTAINS. THESE YOUNG SERVICE MEMBERS ARE THE SKILLED AIRCRAFT TECHNICIANS OR HIGHLY TRAINED AIRCREW MEMBERS. OUR INVESTMENT IN THESE INDIVIDUALS IS SIGNIFICANT AND THE TAXPAYERS' MONEY HAS BEEN WELL SPENT ON THEIR HOUSING REQUIREMENTS. MANY ARE AT THE POINT IN THEIR CAREER WHERE THEY WILL DECIDE TO LEAVE OR CONTINUE WITH THE AIR FORCE. THESE DECISIONS ARE FAMILY DECISIONS AND THE LIVING ENVIRONMENT WE PROVIDE WILL HAVE A SIGNIFICANT AFFECT ON THAT DECISION. WE MUST PROVIDE ADEQUATE FAMILY HOUSING AT THOSE LOCATIONS WHERE THE LOCAL COMMUNITY CANNOT, IF WE ARE TO RETAIN OUR HIGHLY SKILLED FORCE. THIS INCLUDES OVERSEAS LOCATIONS AS WELL AS LOCATIONS IN THE UNITED STATES. OUR

PEOPLE CANNOT DECLINE AN ASSIGNMENT SIMPLY BECAUSE THERE IS NO ADEQUATE OR AFFORDABLE HOUSING. IT IS INCUMBENT ON BOTH THE CONGRESS AND THE MILITARY TO INSURE THAT HOUSING IS AVAILABLE WHENEVER WE AUTHORIZE ACCOMPANIED TOURS FOR OUR PEOPLE. IT IS PREFERABLE TO USE THE LOCAL COMMUNITIES TO HOUSE OUR MARRIED PEOPLE; HOWEVER, THIS IS NOT ALWAYS POSSIBLE. OVER THE NEXT FIVE YEARS, HOUSING SHORTAGES FOR OUR FAMILIES IN LOCATIONS WHERE LOCAL HOUSING IS UNAVAILABLE EXCEEDS 24,000 UNITS. THIS DEFICIT SPREADS ACROSS 50 INSTALLATIONS WORLDWIDE. THIS YEAR'S PROGRAM REQUESTS FUNDS FOR THE CONSTRUCTION OF ONLY 523 NEW HOUSING UNITS AT FOUR LOCATIONS WITH MOST (92 PERCENT) IN OVERSEAS LOCATIONS. THIS IS WHERE OUR MEMBERS EXPERIENCE THE GREATEST DIFFICULTY IN FINDING ADEQUATE HOUSING. MORE THAN 75 PERCENT OF THESE UNITS ARE FOR OUR ENLISTED MEMBERS AND THEIR FAMILIES.

EQUALLY IMPORTANT IS THE MAINTENANCE OF OUR EXISTING HOUSING INVENTORY AT 150 INSTALLATIONS WORLDWIDE THROUGH OUR OPERATIONS AND MAINTENANCE ACCOUNTS. THE EXISTING WORLDWIDE INVENTORY IS NEAR 30 YEARS OLD ON AVERAGE, AND THE ESTIMATED REPLACEMENT VALUE IS OVER $11 BILLION. MAJOR EXPENDITURES ARE REQUIRED TO CORRECT CONTINUING MAINTENANCE PROBLEMS - ROOFS AND EXTERIOR SIDING NEED REPLACEMENT AND UTILITY SYSTEMS ARE OLD AND INEFFICIENT. OUR FAMILIES ARE LIVING WITH INADEQUATE KITCHENS, BATHROOMS, AND STORAGE AREAS. WE MUST PROVIDE THE SAME LEVEL OF LIVABILITY IN OUR HOMES AS IS FOUND IN THE LOCAL ECONOMY. WE ARE ASKING THAT YOU PROVIDE US WITH THE FUNDS REQUESTED SO WE CAN MAKE OUR HOMES LIVABLE. THIS IS ANOTHER INSTANCE WHERE WE MUST CONTINUE TO INVEST IN OUR PEOPLE THROUGH QUALITY OF LIFE PROGRAMS.

BEFORE CONCLUDING MR CHAIRMAN, WE WOULD LIKE TO BRIEFLY MENTION THE GRAMM-RUDMAN-HOLLINGS BALANCED BUDGET LEGISLATION.

THE PRESIDENT'S FISCAL YEAR 1987 BUDGET PROVIDES THE DEFICIT REDUCTIONS SPECIFIED UNDER THIS LEGISLATION.

UNDER THIS LEGISLATION A REDUCTION OF APPROXIMATELY FIVE PERCENT HAS BEEN MADE TO THE FISCAL YEAR 1986 MILITARY CONSTRUCTION PROGRAM AND UNOBLIGATED BALANCES FOR FISCAL YEAR 1985 AND PRIOR. THESE REDUCTIONS AMOUNTED TO $81.5 MILLION FOR FISCAL YEAR 1986 AND $57.4 MILLION TO FISCAL YEAR 1985 AND PRIOR. ALL OF OUR FIELD ACTIVITIES ARE CURRENTLY REVIEWING THEIR PROGRAMS TO PERMIT CONSTRUCTION UNDER THIS REDUCED FUNDING PROFILE. WE ARE TRYING TO DO THIS WITH AS LITTLE REDESIGN AS POSSIBLE AND WITH MINIMUM DELAY IN PROVIDING THESE ESSENTIAL FACILITIES WHICH YOU HAVE APPROVED. THIS IS A VERY DIFFICULT PROCESS, SINCE OUR PROJECTS, AS APPROVED BY CONGRESS, INCLUDED ONLY THE ESSENTIALS NECESSARY TO PROVIDE THE FACILITIES NEEDED TO SUPPORT OUR MISSION.

MANY OF OUR BEST PEOPLE ARE WORKING ON THIS PROBLEM AND WE WILL GET THE BEST POSSIBLE FACILITIES FOR THE DOLLARS AVAILABLE. HOWEVER, THE EXECUTION OF THE PROGRAM WILL REQUIRE AN UNUSUAL NUMBER OF REPROGRAMMINGS. WE WILL NEED YOUR HELP.

CONCLUSION

MR CHAIRMAN, THIS YEAR'S REQUEST PROVIDES A BALANCED PROGRAM THAT SUPPORTS OUR WEAPONS SYSTEMS BEDDOWNS AND OUR PLANT MODERNIZATION. THE REQUEST REPRESENTS A COMMITMENT BY THE AIR FORCE LEADERSHIP TO IMPROVE THE LIVING AND WORKING CONDITIONS OF ITS PEOPLE. AS I HAVE EMPHASIZED, THIS ENVIRONMENT HAS A FAR REACHING IMPACT ON PRODUCTIVITY, RETAINABILITY, AND EFFECTIVENESS OF THE UNITED STATES AIR FORCE.

OUR COMMITMENT IS TO PROVIDE THE NATION AN AIR FORCE CAPABLE OF DEFENDING OUR NATIONAL INTERESTS. THIS MISSION CAN

ONLY BE ACCOMPLISHED WITH WELL TRAINED AND HIGHLY MOTIVATED PEOPLE. OUR PEOPLE ARE OUR PRIORITY. WITH YOUR SUPPORT WE WILL BE ABLE TO CONTINUE OUR MODERNIZATION PROGRAM.

MR CHAIRMAN, I AM HONORED TO BE ABLE TO APPEAR BEFORE YOU TODAY REPRESENTING THE AIR FORCE. I AM PREPARED TO ANSWER YOUR QUESTIONS.

OVER-THE-HORIZON BACKSCATTER RADAR

Senator MATTINGLY. I have just two questions. The rest of them you can respond to in writing. In reference to the over-the-horizon backscatter radar, would you explain just a little bit about that to the committee, about what is being deployed, and where, and what are the total estimated Milcon costs associated with it?

Major General ELLIS. The over-the-horizon backscatter radar until just recently has been a prototype system on the east coast in Maine, outside of Bangor, ME, with two sites, one at a little place called Moscow, interestingly, and the other one in Washington County in a place called Columbia Falls. Those were the two sites.

The prototype was successful. As a result of that and with the support of the Congress, the Air Force made the decision to expand the over-the-horizon radar. So that it will now be in four places. The one in Bangor, ME, will essentially cover the east coast. There will be one in Oregon—it will be northern California, southern Oregon, covering the west coast. We recently announced the central one which will cover from the Midnorthwest, it will cover the southern flanks. And we will have one in Alaska which will intersect with the North Warning System.

So when we are through with the program, we will be looking at four separate OTH-B systems.

Senator MATTINGLY. Why have both the Navy and the Air Force put one up in Alaska? Why are they both putting systems up there? How do they differ?

Major General ELLIS. I do not know the answer to that, Senator Mattingly. Let me provide that for the record.

Senator MATTINGLY. All right.

[The information follows:]

OTH SYSTEMS OF AIR FORCE AND NAVY

The Air Force and Navy over-the-horizon [OTH] radar systems have design differences responding to the unique requirements of each service. However, both OTH radar systems detect air vehicles at ranges of 500 to 1,800 miles from the radar. Due to the laws of physics, neither radar provides any surveillance at ranges less than 500 miles from the radar. The Air Force OTH radar in Alaska will be near Anchorage and provide surveillance over the Aleutian Islands and off the west coast of Alaska. The Navy OTH radar will be on [deleted.] Thus, the Navy's OTH radar begins (500 miles from the radar) at the end point coverage (1,800 miles from the radar) of the Air Force radar. The total acquisition cost for the Air Force Alaskan OTH radar is $502 million.

CLARK AIR BASE, PHILIPPINES

Senator MATTINGLY. The other question is in reference to Clark Air Base in the Philippines. I think you have a project in there for that parallel runway for $32.5 million. I think that consumes about half your request for the Philippines. Could you explain the justification for the project?

Major General ELLIS. I think the most important part of the justification is that the Commander of the Pacific and PACOM have made that their number one priority. From an operational point of view, we do Cope Thunder training out of there, which is much like the Red Flag training we do at Nellis for the Pacific. The purpose is to get the young pilots through the first 10 missions of the war.

You will remember the reason for Cope Thunder and the reason for Red Flag was that we found, particularly in Vietnam, that if the young pilots could last through the first 10 missions they had a good chance of making it through the 100 missions that they flew.

So what we figuratively do in those two ranges is give them the first 10 missions in a very realistic environment. Clark supports Cope Thunder in the Pacific. It is the busiest single runway outside the continental United States. Many, many bases in the United States have two runways.

Senator MATTINGLY. Is it a military runway, or——

Major General ELLIS. Military runway.

When the runway closes, the capability to support that big mission ceases. The runway is now 40, 45 years old, and we have been patching it for a number of years. Frankly, we cannot afford to patch it much longer without redoing it. It does not make economic sense.

In case of a contingency in that area, if Cope Thunder were not an important enough reason, it is probably the most strategic throughput base we have. There is no alternative to Clark. There are other places we can go, but no real alternative. It is 950 miles from Kadena.

Senator MATTINGLY. I read all that stuff, yes.

Like I said, we have got some more questions for you to supply for the record. All I can say is, after the budget was reported out of the Budget Committee yesterday, you had better get prepared for a lot of stuff. Hopefully we can raise that defense spending level they have got over there, but it is going to be a tough year, obviously. But I think every year is a tough year around here, but we have got to make certain that we get really what is required. And any information or data that you can supply us in reference to justification, the more is going to be better than less.

SUBMITTED QUESTIONS

These hearings we are having right now are rather brief, because we know what you are coming in and requesting, and we have a few questions for you to reply to, but between now and when we finally pass this thing there are going to be a lot of things happening. So I think the more information you come up and fill us in on the better off we will be.

I think we probably will not need it right away, but I think probably in about 3 months we can probably give you a better idea of what is required, and I think you are really going to have to, when we ask for something, you will need to respond right away, in order for us to carry this battle on the floor of the Senate. So you had better be prepared.

Major General ELLIS. We are prepared to help you help us do our job.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MATTINGLY

AIR FORCE ONE -- NEW HANGAR

Question: What is the justification for including this project in the fiscal year 1987 request?

Answer: The IOC date for the first aircraft is November 1988 and our request for this project is based on meeting this date. Actually, construction needs to be completed by August/September 1988 so the hangar can be prepared to accept the aircraft.

Question: Can the project be incrementally funded -- or possibly build one hangar at a time?

Answer: Incremental funding is unacceptable since both aircraft must be accommodated simultaneously in one maintenance and support complex: A shelter for aircraft complete with maintenance functions (supply parts, aerial service platforms, etc.) and the concomitant security and fire protection systems.

Question: Why can't the existing hangars for Air Force One be utilized?

Answer: The existing hangar and apron will not accommodate the two new wide-body aircraft and support facilities. The cost of modifying the existing hangars exceed the cost of the new Maintenance and Support Complex.

GROUND LAUNCHED CRUISE MISSILE

Question: The Committee and Congress have been supportive over the past few years of facilities for the new missions associated with the beddown of the ground launched cruise missile in Europe. Can you give us a little summary of what and where we have expended funding?

Answer: The table below summarizes funds appropriated for GLCM facilities. Figures include funding for construction of mission/support facilities, schools, and Military Family Housing. Funds to prefinance NATO projects ($19M FY 81) are not included since they have been recouped:

($ MILLION)

Base	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	Total
RAF Greenham Common, UK	0	23	7	10	29	1	70
Comiso AS, IT	0	57	22	15	47	0	141
Florennes AB, BE	0	0	46	31	0	38	115
Wueschheim AS, GE	0	0	0	19	14	20	53
Woensdrecht AB, NL	0	0	0	0	0	16	16
RAF Molesworth, UK	0	0	0	0	15	24	39
Davis-Monthan AFB, AZ	3	5	0	0	0	5	13
Total	3	85	75	75	105	104	447

Question: The Committee and Congress have been supportive over the past few years of facilities for the new missions associated with the beddown of the Ground Launched Cruise Missile in Europe. How much more funding will be required for facilities in support of this mission? What fiscal years are involved?

Answer: The table below summarizes funds required to complete GLCM facilities. Figures include funding for contruction of mission/support facilities, schools, and Military Family Housing. Funds required to lease Military Family Housing units ($36M FY 87-90) are not included.

($ MILLION)

Base	FY 87	FY 88	FY 89	FY 90	Total
RAF Greenham Common, UK	2	0	2	0	4
Comiso AS, IT	1	5	1	22	29
Florennes AB, BE	9	5	1	14	29
Wueschheim AS, GE	8	1	0	0	9
Woensdrecht AB, NL	42	70	48	0	160
RAF Molesworth, UK	13	1	3	0	17
Davis-Monthan AFB, AZ	2	0	0	0	2
Total	77	82	55	36	250

Question: The Committee and Congress have been supportive over the past few years of facilities for the new missions associated with the beddown of the Ground Launched Cruise Missile in Europe. What is the current status of the agreement with the Netherlands?

Answer: On 1 November 1985, the Dutch Cabinet decided to accept GLCM deployment and on 27 February 1986, the Second Chamber of the Dutch Parliament approved the Cabinet decision. On 26 March 1986, the First Chamber of the Parliament also approved the Cabinet decision completing parliamentary ratification. Construction contracts will be awarded soon. HQ USAFE is discussing ways to satisfy U.S. short-term facility requirements with the Dutch Government so all GLCM deployments in the Netherlands can be completed by the end of calendar year 1988. The Dutch have offered use of existing buildings until permanent construction is complete. HQ USAFE is assessing the ability of proposed Dutch facilities to satisfy as many of the short-term requirements as possible. A portion of the $10,000,000 appropriated in FY 1986 for site activation may be required to modify existing Dutch facilities. Remaining funds may be used to provide permanent buildings, utilities, pavements, and roads, saving the cost of constructing short-term facilities.

OVER THE HORIZON BACKSCATTER RADAR

Question: The Over-the-Horizon Backscatter (OTH-B) radar is presently being deployed. Can you explain a little bit about this system to the Committee?

Answer: The Over-the-Horizon Backscatter (OTH-B) radar system detects and tracks bombers and air-to-surface missiles approaching North America. It allows for all altitude, wide area surveillance of the air threat out to 1,800 nautical miles, providing NORAD with long-range tactical early warning, currently not available.

Question: What are the total estimated MILCON costs associated with the program?

Answer: Total estimated MILCON cost is $223 million.

Question: I understand that both the Air Force and the Navy are placing these systems in Alaska. How do they differ? What are the costs associated with the Alaska portion of the progam?

Answer: The Air Force and Navy Over-the-Horizon (OTH) radar systems have design differences responding to the unique requirements of each service. However, both OTH radar systems detect air vehicles at ranges of 500-1800 miles from the radar. Due to the laws of physics, neither radar provides any surveillance at ranges less than 500 miles from the radar. The Air Force OTH radar in Alaska will be near Anchorage and provide surveillance over the Aleutian Islands and off the west coast of Alaska. The Navy OTH radar will be on [deleted] [deleted]. Thus, the Navy's OTH radar begins (500 miles from the radar) at the end point coverage (1,800 miles from the radar) of the Air Force radar. The total acquisition cost for the Air Force Alaskan OTH Radar is $502 million.

Question: What other locations are planned for this system?

Answer: The Air Force plans five locations for OTH radars. The OTH-B program place radars on the east and west coasts, in the North Central U.S, and Alaska. The POTEEN project is a joint United States/United Kingdom program to place an OTH radar in the United Kingdom.

B-1B

Question: What projects are required in Fiscal Year 1987?

Answer: Projects required for all four B-1B bases in FY 1987 are:

Base	Project	Scope	Cost ($000)
Dyess	Munitions Equipment Storage Facility	13,500 SF	1,050
	Jet Engine Storage Facility	9,000 SF	590
	Sub-total		1,640
Ellsworth	Add to WRSK Storage Facility	15,000 SF	860
	Sub-total		860
Grand Forks	Support Equipment and Storage Facility	34,000 SF	3,150
	CASS Equipment and Installation	11 EA	3,000
	Crossover Taxiway	10,500 SY	2,400
	Blast Deflectors	17 EA	1,750
	Add/Alter Various Maintenance Facilities	LS	1,700
	Alter Flight Simulator Training Facility	18,600 SF	1,100
	Tractor/Trailer Storage Facility	11,600 SF	930
	Alter Integrated Maintenance Facility	32,350 SF	550

	Jet Engine Storage Facility	7,800 SF	
	Secondary Fire Station	3,500 SF	330
	Sub-Total		15,340
McConnell	Alter Aircraft Maintenance Hangars	LS	11,970
	Flight Simulator Training Facility	18,600 SF	3,660
	Airfield Pavements	LS	2,740
	Add/Alter Aircraft Maintenance Shops	LS	2,740
	Add/Alter Operations and Maintenance Facilities	LS	2,000
	Mobility Center	24,000 SF	1,950
	Add/Alter Aircraft Maintenance Management Facility	20,000 SF	1,900
	Add/Alter Support Equipment and Storage Facility	LS	1,250
	CASS Equipment and Installation	11 EA	1,200
	Heavy Equipment Maintenance Facility	11,000 SF	1,050
	Blast Deflectors	22 EA	960
	Add/Alter Precision Measurement Equipment Laboratory	6,050 SF	500
	Base Engineer Maintenance Management Facility	2,000 SF	240
	Sub-total		32,160
	Total FY 1987 B-1B Request		50,000

Question: When do we buy-out this program?

Answer: The FY 1987 request essentially completes the B-1B beddown at all four locations. Minor projects for a weapons load training facility at each base and an addition to the combat crew training squadron (CCTS) facility at Dyess will be in the FY 1988 and future programs.

Question: What will the total program cost have been?

Answer: The total construction cost to beddown the B-1B bomber at all four bases is estimated at $368.5 million.

MINOR CONSTRUCTION

Question: As you are aware, the Congress reduced the request for minor construction throughout the Department of Defense in fiscal 1986. These reductions were made as a result of concerns over whether the minor construction account was actually being used for its specific purpose -- that is for unforeseen and emergency requirements which could not wait for the next available budget cycle.

The Air Force requested $22 million last year and received $15 million. This year, your request is for $16 million.

What has the Air Force done to insure that this account is actually being utilized for its intended purpose?

Answer: The Air Force has and continues to justly use the unspecified minor construction account for its intended purpose within the confines of Public Law 97-214, July 12, 1982, Chapter 169 - Military Construction and Military Family Housing, Section 2805; the fiscal year 1986 House Appropriations Committee (HAC) Report, Military Construction; the fiscal year 1986 Senate Appropriations Committee (SAC) Report, Military Construction; and the fiscal year 1986 Conference Appropriations Committee Report, Military Construction.

The Air Force is making notification of all unspecified minor construction projects costing over $200,000. Appropriate Committees are contacted subsequent to the 30 day period to ensure there are no objections prior to project execution.

Also, in accordance with existing Air Force Regulations and directives, unspecified minor construction projects which compete for this funding must properly justify the urgency; state when the need was first known; provide the required completion date and the circumstances dictating the date; detail the existing mission and proposed change; and most importantly, explain why the project was not included in a prior or the current military construction program (MCP) and demonstrate that accomplishment before the next MCP will be in the best interest of the Air Force resulting in a significant contribution to the Air Force mission. Examples of unspecified minor construction projects include those which support unanticipated new missions or equipment requirements, increase readiness, enhance productivity, produce an economy or increased efficiency, eliminate safety and health hazards, abate pollution, or improve quality of life.

Question: What is the justification for raising the limit on minor construction projects from $1 million to $2 million when emergency construction authorization already exists which can be used through the reprogramming process?

Answer: The use of emergency construction requires reprogramming resulting in the transfer of funds already authorized and appropriated for other military construction program (MCP) requirements. Emergency construction can only be used when the Secretary of the Air Force certifies to the Office of the Secretary of Defense and Congress that a project is so urgent and vital to National Security that it could not be deferred to a normal Military Construction Authorization Act.

Unspecified minor construction; however, is used for urgent projects which support unanticipated new missions or equipment requirements, increase readiness, enhance productivity, produce an economy or increased efficiency, eliminate safety and health hazards, abate pollution, or improve quality of life, but may not meet the "vital to National Security" requirement of emergency construction.

Also, this increase improves our readiness responsiveness by giving commanders the authority to speed up some facility acquisition and modification times. Under the current system, the acquisition time, from defining the need to achieving beneficial occupancy, can take from five to seven years. We can reduce that to two or three years for smaller MILCON projects and even more for projects within the operations and maintenance authority by reducing some time consuming reviews required by current statutes. This gives us a better return on investment by avoiding resource consuming work-arounds and inflation involved with delaying construction. Congressional oversight would continue through the notification process and budget submissions.

MOROCCO

Question: Can you explain what is being planned in Morocco?

Answer: Military Construction in Morocco upgrades an airfield and provides a Jet Fuel Resupply System to support the through-put of U.S. Forces responding to contingencies and participating in training exercises. To date, funds have been approved for jet fuel off-loading, storage and transportation systems and improved runways, aircraft parking areas, aircraft maintenance facilities, airfield fencing and lights.

Question: Is the Air Force looking at any other locations in this part of the world for contingency facilities?

Answer: Yes. We are continually looking to preposition supplies and provide through-put support to airlift resources. We attempt to improve our contingency response whenever opportunities arise. At present, we have no specific proposals beyond the construction and those locations currently under Congressional review.

MX

Question: What is the status of the MX construction Program?

Answer: Peacekeeper facility construction is on schedule. Of the total program of $247.4 million, approximately twenty-five percent of the construction is complete with facilities turned over to the users; thirty-five percent is under construction; and the remaining forty percent is awaiting contract award or is programed. Launch facility topside modification to the first ten silos is on schedule to meet the IOC of December 1986.

Question: Does the FY 87 request complete the construction requirements?

Answer: No. Storage facilities at Hill AFB, Utah for Peacekeeper missile stages remain to be funded. Missile stage storage motors will be used through the life of the Peacekeeper weapon system for aging and surveillance testing, and operational test and evaluation.

SPACE SHUTTLE FACILITIES AT VANDENBERG

Question: Last year, the Congress approved funds for a power plant at Vandenberg Air Force Base to provide adequate power for the Space Shuttle complex. In light of the recent accident, when is the Shuttle to be launched at Vandenberg?

Answer: Due to the recent Space Shuttle accident, the schedule of all Shuttle launches, including those from Vandenberg AFB, is jointly under review by NASA and DOD. The new schedule will be dependent on the downtime resulting from the findings and recommendations of the Presidential Commission investigating the accident.

Question: Last year, the Congress approved funds for a power plant a Vandenberg Air Force Base to provide adequate power for the Space Shuttle complex. How many launches annually can be expected at this location?

Answer: The Space Shuttle Vandenberg Launch and Landing Site is planned to support four launches per year beginning in FY 89 with a surge capability to five launches per year.

Question: Last year, the Congress approved funds for a power plant at Vandenberg Air Force Base to provide adequate power for the Space Shuttle complex. There has been rumor that the facilities may never be used, or may be moth-balled. Can you provide us any information on the future of this facility?

Answer: DOD is assessing the impact of the recent Challenger accident and many possible proposals to lessen the impact to the national space program. However, based on current estimates, the DOD has determined the most cost-effective course of action is to continue operations at Vandenberg AFB.

Consolidated Space Operations Center

Question: What has become of the Consolidated Space Operation Center in Colorado? Wasn't about half of the facility to be used as a launch control complex? Will it be used?

Answer: The Consolidated Space Operations Center (CSOC) Military Construction Program is near completion. The Air Force took possession of the facility from the Army Corps of Engineers in September 1985. CSOC combines, in one facility, the essentials for DOD satellite operations and shuttle flights. There never was any intent for CSOC to include a launch control complex (LCC). LLCs are located in the immediate vicinity of launch sites. CSOC's floorspace is allocated to CSOC's two functional elements, the Satellite Operations Complex and the Shuttle Operations and Planning Complex. Additional floorspace is allocated to the Global Positioning System Master Control Station. The Air Force is discussing, with the Strategic Defense Initiative (SDI) Organization, the potential use of CSOC as a temporary location for the SDI National Test Facility until permanent facilities can be constructed.

SUBCOMMITTEE RECESS

Senator MATTINGLY. So at this time, the committee is going to stand in recess subject to the call of the Chair.

[Whereupon, at 2:25 p.m., Thursday, March 20, the subcommittee was recessed, to reconvene at the call of the Chair.]

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